

POSITIONED FOR CHANGE.
UNDERLYING STRENGTH TO MEET THE CHALLENGES.

THE CITY OF CALGARY 2008 ANNUAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2008



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ANNUAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2008.

Produced by the Corporate Services Department of The City of Calgary, in co-operation with all civic departments, offices and agencies.

CALGARY AT A GLANCE



POPULATION:

1,061,724 (estimated Dec. 31, 2008)

POPULATION GROWTH (2008):

24,437

AVERAGE AGE:

35.5 years (2007 census)

AREA:

848 square kilometres (327.4 square miles)

ELEVATION:

1,048 metres (3,438 feet) above sea level

AVERAGE DAILY MAXIMUM TEMPERATURE:

Winter: -8.9°C | Summer: 22.7°C

HOURS OF SUNSHINE PER YEAR:

2,000+

GDP GROWTH (2008):

1.5 per cent

UNEMPLOYMENT RATE (2008):

3.3 per cent

RESIDENTIAL HOUSING STARTS (2008):

9,606

VALUE OF BUILDING PERMITS ISSUED (2008):

\$4.1 billion

WE'VE CHANGED WITH THE TIMES

In keeping with The City's ongoing policies of fiscal restraint, environmental responsibility and increasing use of web-based communications, this 2008 Annual Report marks a significant change in the way the document is produced and distributed.

What's different? We've cut the hard copy print run by 70 per cent – to just 300 copies. The entire report is to be posted on the City's website, calgary.ca, where you can read it at your leisure.

In the process, we've saved both dollars and trees. And we're communicating with today's audiences using today's media: the Web.

A MESSAGE FROM THE MAYOR



2008 WAS ANOTHER RELATIVELY GOOD YEAR TO BE LIVING, WORKING AND RAISING A FAMILY IN CALGARY. KEY WORD: RELATIVELY.

Certainly this city was not immune to the turbulence roiling beyond our borders.

Calgary does not exist in a rarified bubble. Far from it. We are, after all, a global city; a community that increasingly draws its people, its development and its diversification from every corner of the world.

While the 2008 market meltdown slowed this city's super-heated growth, it did not bring to a stop our economy, our big dreams, or our can-do attitude that has always made so many of those dreams realities. Nor did it put our much-cherished quality of life at serious risk.

Of course, the inevitable downturn happened here in 2008, too. But Calgary navigated through the changing realities of 2008, and will continue to do so through 2009 and beyond.

Despite some new bumps in the road, we kept on course.

We didn't lose sight of the kind of community we want to build here. We have a vision for what Calgary can be, and will be in the future. This is the vision

that has guided Council's decisions through the ups and downs of a roller coaster year.

And it's the vision that will guide us through 2009, even if the road gets bumpier.

The first half of the year, Calgary's economy roared on, still the powerhouse of the nation.

For Calgary, 2008 was really two years in one.

The first, January to July.

The second, from August on.

We had virtually full employment: in fact, there were thousands of good jobs going unfilled. Retail sales were strong, construction activity continued unabated, and world oil prices, the primary driver of Calgary's economy, reached close to \$150 U.S. per barrel, a level never before thought possible.

Then the world's economy shook.

In a few short weeks, stock markets tanked. Oil fell to less than \$40 U.S. And even in Calgary, the business sector began to draw back, to 'circle the wagons' and to postpone any plans they might have had for expansion.

But in Calgary's case, this slowdown was not *entirely* negative.

It meant we now have time to take a collective breath, to plan for more sustainable and manageable growth.

More sustainable housing prices and availability. More sustainable municipal service levels. More sustainable infrastructure and facility construction projects. More sustainable and innovative programs to deal with social issues.

And the slowdown means The City can better manage our continuing growth, and provide what the community needs now rather than always playing catch-up.

THE CITY OF CALGARY ACCOMPLISHED A GREAT DEAL IN 2008.

We finalized plans for the long-awaited west leg of the Light Rail Transit (LRT) network. We completed the GE5 (Glenmore Trail/Elbow Drive/5th Street S.W. interchange), the most ambitious and complex road construction project in Calgary's history. We extended the reach and added significant capacity to the CTrain system. We upgraded major components of the transportation network, including a new interchange, another bridge and additional pedestrian pathways.



Graduating class of 2008

We committed funds from the Municipal Sustainability Initiative agreement signed with the Province in September 2007, to build new sports and recreation facilities in every quadrant of the city, and to improve or expand those facilities already in place.

We approved the launch (in 2009) of city-wide blue cart collection of recyclables. We extended the ENMAX Legacy Parks program, and included major improvements to established inner city parks in the program's portfolio. We adopted a 'shared responsibility' strategy for creating more affordable housing.

And in response to public concerns, Council made a major investment in personnel, technology, equipment and facilities for Calgary's protective services, and committed to even more support for our police, fire, EMS, bylaw officers and transit security in the next budget cycle.

No matter what 2009 brings, we'll stay focused on our vision of the community we want for our children, and for ourselves.

Calgarians have described the kind of community they want to build, and we have identified five guiding pillars to drive and deliver on this vision.

Calgary today, and in the future, must always strive to be better, to be a city second to none. This means ours must be:

- An international city, one with the unique neighbourhoods and vitality that attracts and retains the 'big idea' people who will make a community truly world-class.
- A safe city, one whose streets and neighbourhoods are secure, welcoming and friendly.
- A city with a great quality of life. One with the social, cultural, recreational and support services, facilities and amenities already in place and accessible to all, creating an environment of well-rounded fulfillment.
- A city that fosters creativity, that encourages new thinking and new opportunities.
- A city that is efficient, affordable and financially sustainable.

These are the principles that guided our decisions throughout 2008, and will continue to do so in 2009.

Source: Mayor Dave Bronconnier, Report to the Community, May 21, 2008.

WHAT WILL 2009 BRING?

Uncertainty, perhaps. But we're prepared. Calgarians have been through these times before, and we'll get through – and prosper – no matter what the future holds.

Of course, we can't control the rough economic weather that may continue to impact the world around us this year. But we can control the coat we put on to protect ourselves.

We may not be able to do everything when and how we've planned. But we know where we want to go, and where we want to get to, even if it takes us a little longer than we'd hoped.

If we keep our eyes on the vision we've created, we'll create the city of our vision. You have my word on that.

Thank you for helping us get where we all want to be.



Dave Bronconnier
Mayor

April 16, 2009

CORPORATE GOVERNANCE AND ACCOUNTABILITY



CALGARY'S CITY COUNCIL: Membership, roles and responsibilities.

The role of City Council is to govern The City of Calgary, Calgary's municipal corporation, to ensure it provides the civic services Calgarians need and want. In carrying out its many duties, City Council must respond to citizens' immediate concerns and opportunities, as well as anticipate and plan for the community's long-term development and growth.

Accordingly, City Council members sit on a wide variety of boards, commissions and committees, ranging from the Family and Community Support Services Association, to the Calgary Police Commission, and from the Calgary Public Library Board to the Calgary Exhibition and Stampede Board. Their participation provides a critical link between Calgary's communities and the workings of the municipal government.

It is Council's duty to respond to citizens' immediate concerns and opportunities, and to anticipate and plan for the community's long-term development and growth.

The City has implemented significant corporate governance practices in line with the current best practices following the Corporate Governance Guidelines of the Canadian Securities Administrators to the extent they may be applicable to municipalities.

City Council's members – 14 aldermen, each representing a ward, and the Mayor of Calgary, representing the entire city – are elected by and accountable to the people of Calgary.

Their nominating committee is the electorate, and they remain independent from the civic administration for as

long as they hold office. The Mayor and aldermen hold office for three-year terms.

Council sets priorities, establishes policy and makes decisions based on information from strategic sessions, as well as from various committees, including the Personnel and Accountability Committee (PAC), and four Standing Policy Committees (SPCs): Finance and Corporate Services, Community and Protective Services, Land Use, Planning and Transportation, and Utilities and Environment. The four SPCs are responsible for policy formation and decision-making in these areas and within the existing Council policy.

PAC oversees the nominations and appointments to various boards, committees, commissions or other bodies, and creates and maintains a process for the regular review and reporting of Council's legislative governance practices. This committee also provides ongoing monitoring of the City Manager who, in accordance with the requirements of the *Municipal Government Act* (MGA), has a specific position description as well as an annual written performance evaluation.

In conjunction with the Audit Committee, PAC is also responsible for overseeing the overall governance principles of The City, recommending any changes to these principles, and monitoring their disclosure. These include The City's Code of Conduct Policy and Conflict of Interest Policy, which apply equally to all City employees and

provide guidelines for employee conduct in fulfilling their day-to-day responsibilities.

During 2007, Council approved the Whistle-Blower Policy as part of The City's ongoing desire to support open, ethical, accountable and transparent local government. This policy provides additional mechanisms to ensure processes are in place to prevent, detect, report and investigate any suspected acts of waste or wrongdoing.

Other policies directing employee behaviour in the workplace include the Acceptable Use of City Technology Resources Policy, and a Respectful Workplace Policy that is committed to creating and sustaining a vibrant, healthy, safe, ethical and caring work environment where all employees are treated with respect, honesty and dignity.

CORPORATE GOVERNANCE AND ACCOUNTABILITY



Mayor
Dave Bronconnier



Ward 1 Alderman
Dale Hodges



Ward 2 Alderman
Gord Lowe



Ward 3 Alderman
Jim Stevenson



Ward 4 Alderman
Bob Hawkesworth



Ward 5 Alderman
Ray Jones



Ward 6 Alderman
Joe Connelly



Ward 7 Alderman
Druh Farrell



Ward 8 Alderman
John Mar



Ward 9 Alderman
Joe Ceci



Ward 10 Alderman
Andre Chabot



Ward 11 Alderman
Brian Pincott



Ward 12 Alderman
Ric McIver



Ward 13 Alderman
Diane Colley-Urquhart



Ward 14 Alderman
Linda Fox-Mellway

Members of Council participate in and work with a wide variety of community organizations – associations, committees, commissions and boards.

The Audit Committee, which is composed of five Council members and two citizen members – one of whom must be a professional accountant – oversees the activities of the City Auditor's Office, the Legislative Resource Group, the external auditors, and The City's internal controls and management information systems to help ensure Administration's accountability to Council and adherence to the Integrated Risk Management Policy.

The Council Compensation Review Committee is responsible for making recommendations to Council regarding its remuneration, pension, benefits and other forms and levels of compensation. This committee is comprised of five independent external advisors, including professional representation from labour, business and law.

After every civic election, the City Clerk and City Solicitor hold an orientation session to brief new Council members on the responsibilities of their office, the Procedures Bylaw, and other information pertinent to their positions, including ethical guidelines which require them to excuse themselves from any and all discussions involving issues in which they have a pecuniary interest. Throughout their term in office, Council members are encouraged to pursue ongoing training and education.

Upon accepting a position on City Council, all Council members are required to take an Oath of Office. (A copy of this Oath is available from the Corporate Records Centre on the main floor of the Municipal Building, or on the Web.)

Council meets on two Mondays each month. One of these meetings is a regular Council meeting where the issues from the policy committees are discussed and the results of any strategic planning session are shared. The other meeting is a combined Council meeting and public hearing where planning matters are also discussed.

Regular and open communication with the Administration is central to setting and achieving The Corporation's mission, vision, goals, strategies and actions.

Council employs a Triple Bottom Line decision-making strategy that takes into account the potential environmental, social and economic impacts of The City's actions and operations. The City's Sustainable Environment and Ethical Procurement Policy also supports the purchase of products and services that will minimize any negative impact on society and the environment, when it makes economic sense. And The City's EnviroSystem Performance Monitoring tool (The City is registered to ISO 14001) helps identify, track and continually improve the environmental impact of City operations and decision-making.

Council leads an accountable and transparent business planning and budget preparation process by directing Administration with early guidelines for spending on services and revenue generation, and by providing opportunities for public review and comment on the budget prior to approval.

In 2005, The City of Calgary became the first major municipality in Canada to move to a three-year business planning and budgeting process, and Council approved a budget for 2006 – 2008. In November, Council approved the 2009–2011 Business Plans and Budgets.

Goods and services are sourced and contracted through policies and procedures that are designed to manage risk, optimize value and provide a fair and transparent business environment for suppliers.

Public availability of The City's financial information is a cornerstone of transparency and accountability. To this end, The City ensures that information pertaining to budget, consolidated financial statements and regular status reporting is readily accessible through the Web.

With The City's engage! Policy, Council assigns priority to informing and involving citizens and other stakeholders early on, and throughout the planning process, when the decisions impact their lives. Through an annual survey of Calgary's citizens, Council is able to continually monitor public satisfaction with delivery of services, and consider citizen preferences for the nature and delivery of future services to the public.

The City has implemented corporate governance policies and practices which safeguard the public's interest and promote transparency and accountability at all levels within the organization.

For more information about City Council, the various boards, foundations and committees, and any of the policies referenced above, visit calgary.ca or call 3-1-1.

A MESSAGE FROM THE CITY MANAGER



2008 PROVED WHAT WE WERE MADE OF, AND IT WAS GOOD.

On behalf of the Administration of The City of Calgary, I am proud to present the 2008 annual report, a summary of a year of challenging changes and changing challenges.

It was also a year that proved the underlying strength and stability of Calgary's municipal government and the consistency and value of the services we provide, the programs we deliver, and the facilities we operate.

For Calgary, 2008 began as a continuation of a decade of growth so rapid it was virtually unsustainable. And it ended with our community feeling the first rippling effects of the global economic slowdown.

Many milestones were reached
– and surpassed – in 2008.

This was an exciting city in which to be living and working in 2008. And certainly, it was a privilege to be part of the municipal government that was that underpinning and support of the community.

This annual report highlights much of what was accomplished in 2008, touching on the highlights achieved in the areas of municipal infrastructure, municipal services, quality of life and the environment. The report also contains a new section, The City in the city, which touches very briefly on just some of the community events and activities that need City employees to make them happen.

CALGARY'S QUALITY OF LIFE CONTINUALLY RATED AMONG THE HIGHEST IN THE WORLD.

The prestigious Mercer Quality of Living Survey annually evaluates 215 cities of the world according to more than three dozen social, economic, socio-cultural, educational, environmental and personal safety criteria.

The 2008 survey ranked Calgary number 25 in the world – and one of the top four in the Americas – for overall livability. Calgary also tied with

Toronto, Ottawa, Montreal and Vancouver as the safest city in either North or South America.

Calgarians themselves generally consider the quality of life here to be good. The 2008 City of Calgary Citizen Satisfaction Survey, conducted by Ipsos Reid, found that 69 per cent of Calgarians gave a 'good' rating to the overall quality of life here.

Overall, Calgarians themselves say The City is serving the public well.

When asked to rate the quality of The City's performance, an overwhelming majority (88 per cent) of Calgarians gave us a 'good' overall score. An even higher number, 89 per cent, rated the overall quality of City services as 'good.'

The City earned particularly high marks for the protective services (police, fire and EMS), for the quality of our drinking water, waste collection and the parks and open spaces. The City's efforts to protect Calgary's environment also received a high (75 per cent) positive rating.

The high marks The City earned for the quality of services provided

is even more significant when considered in light of the serious labour shortage that affected all of Calgary in 2008. Like virtually every other public and private sector business or organization, The City faced major challenges recruiting and retaining the people we needed to deliver municipal programs and services, operate municipal facilities, and build municipal infrastructure.

Somehow, in spite of being short-staffed in many areas, City employees still managed to provide services at a level that supported and satisfied the community they serve.

Thousands of City employees made the extra effort needed to maintain such high-quality public service even in the face of serious staffing shortages. And for their efforts, I thank them.

THE CITY KEEPS THE CITY RUNNING, MOVING AND 'WORKING.'

The City delivers hundreds of municipal programs and services that support and enhance the life of our community. These are the programs and services that touch every Calgarian in some way, every day. And that makes this a very good place in which to live, do business and raise a family.

City people drive our buses and trains, protect and support our streets and neighbourhoods, build our roads and bridges, create our parks and playgrounds, and teach our kids to swim and our seniors to line dance.

City people dream the big dreams that forge vital, unique and sustainable communities. They envision the city we want this to be decades from now, then plan what's needed to create just such a place.

And they actively take the steps necessary to protect the natural and built environments that are so key to our enviable quality of life.

IMPROVING ACCESS TO MUNICIPAL SERVICES AND PROGRAMS IS KEY TO EFFICIENT, RESPONSIVE GOVERNMENT.

With the help of technology, The City is making great strides in our goal of making it easier for citizens to contact and access municipal staff, services and programs. And making it more efficient for The City to do its job.

The results are encouraging. Within the past 12 months, 69 per cent of Calgarians contacted or dealt with The City; on a nation-wide level, 58 per cent of citizens had dealing with their municipal governments, so Calgary is well ahead of the Canadian norm.

By far the most popular way of contacting The City was through the 3-1-1 telephone call service, which recorded its four millionth call in the fall of 2008. And almost 100,000 more have come in since then.

The 3-1-1 service has dramatically improved the ease with which citizens can access municipal information and services, while allowing us to follow up on their calls and make sure nothing is 'lost in the system.'

In the three years since 3-1-1 was launched, the number of calls has risen from an average 67,710 to 99,348 per month. In 2008, particularly high call volumes dealt with street clearing and property tax installment payment options.

Other technology-based improvements to citizens' service and information access include upgrades to The City's website, adding to the number of processes that can be completed online and at the convenience of the customer. For example, contacting the Mayor or any Member of Council; checking for updates on road construction detours; getting wherever you're going with the help of Calgary Transit route planning and scheduling guides; registering for City Recreation programs; or comparing assessed values of your property with similar properties in your area.

Our people, plans and processes were in place and proceeding smoothly when the economic downturn began to ripple over Calgary.

By the summer of 2008, The City was well along with planning for the next three years, the 2009 – 2011 budget and business cycle.

But turbulence in world financial markets, along with a precipitous drop in commodity prices, and a resulting potential reduction in capital funding expected from other orders of government, raised concerns that the economic slowdown would soon take a toll on Calgary's economy.

And potentially, on The City's projected revenues and expenditures.

Certainly Calgary's economy had – and still has – the capacity to absorb a slowdown. In fact, some slowing of our super-heated but unsustainable growth might even be positive.

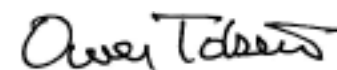
By the end of 2008, indicators showed that The City was in good financial condition and had not yet been materially impacted by what was

happening in the world's markets and economies. Looking ahead, more market upheaval, industry job losses and slumping retail sales, have the potential to impact The City's investment income, franchise fees and business taxes.

The City has strategies in place to respond to a continuing economic slowdown. We are reviewing capital spending priorities and schedules, reducing discretionary spending where possible, and maintaining the flexibility to respond to changing conditions.

Throughout any challenges 2009 may bring, we will protect The City's long-term capacity to deliver quality public service. And we will build public confidence in Calgary's economy, in the local marketplace and in The City's financial management.

Yes, the uncertainty is troubling. But the strength of The City's people and resources is certain.



Owen Tobert, P.Eng.
City Manager
April 16, 2009

AUDIT COMMITTEE

Calgary City Council is responsible for ensuring that The City's Administration fulfils its responsibilities for financial reporting, internal control and risk management. To assist City Council in fulfilling these responsibilities, City Council has established an Audit Committee.

One of Audit Committee's goals in fulfilling its Council assigned mandate is to provide a standard of audit governance for The City that is comparable to the current standard for Audit Committees in the private sector. In addition, Audit Committee provides comprehensive disclosure of its audit governance practices in The City's annual report.

Audit Committee membership consists of seven independent members appointed to the Committee by City Council: five Council members who are elected by the Citizens of Calgary and two volunteer citizen members who are currently both professional accountants.

The City's Audit Committee oversees the activities of the External Auditor, The City Auditor's Office and the Legislative Resource Group to help ensure Administration's accountability to Council.

To fulfil The City's provincially legislated audit requirements, the Committee engages the External Auditor, Deloitte & Touche LLP. Audit Committee's responsibilities include the pre-approval of all services provided by the External Auditor for The City. Deloitte & Touche carried out the audit of The City of Calgary's financial accounts, in accordance with generally accepted auditing standards, and has full and unrestricted access to Audit Committee to discuss the audit and related findings, as to the integrity of The City's financial statements and reporting processes. Audit Committee reviews and

approves The City's financial statements as audited by the External Auditor and presented in this annual report.

The City Auditor's Office is fully independent of The City's Administration and reports directly to Council through Audit Committee. The City Auditor's independence and Terms of Reference are entrenched in The City Auditor bylaw.

The City Auditor's Office provides the independent internal audit function for The City of Calgary. The City Auditor submits an annual work plan to Audit Committee for approval. Open disclosure is encouraged and all audit reports are provided to Audit Committee and reviewed on a quarterly basis. Reports are then forwarded to Council for information and become a matter of public record.

Audit Committee oversees procedures, through the Office of the City Auditor, for the receipt, retention and treatment of complaints or allegation of wrongdoing received by The City from City employees or members of the public.

Audit Committee maintains formal and comprehensive Terms of Reference for itself, which it reviews regularly to ensure they reflect best practices in audit governance. Major areas of focus for Audit Committee, in addition to those mentioned above, include the oversight of The City's integrated risk management framework, financial disclosure

and accounting practices, code of conduct, legal compliance and the corporate governance practices of The City's major autonomous civic entities.

Audit Committee also conducts special reviews of areas identified by Audit Committee or Council, that may potentially increase value for money from City operations, improve Council's governance of The City of Calgary or are unique public policy matters requiring special consideration.



Dale Hodges
Alderman, Ward 1
Chairman, Audit Committee
April 16, 2009

THE CITY OF CALGARY ADMINISTRATION

CALGARY'S MUNICIPAL GOVERNMENT IS RESPONSIBLE FOR SUPPORTING, ENCOURAGING AND UNDERPINNING OUR COMMUNITY'S DYNAMIC DEVELOPMENT.

It is Administration's responsibility to provide, manage and sustain the civic infrastructure, facilities and programs that support the quality of life that is so much a part of Calgary's appeal. City Administration must also anticipate change and identify potential opportunities, then put in place the municipal services that will enable those opportunities to become realities.

By nature, a city is constantly evolving to reflect the needs and values of its citizens and businesses.



FRONT ROW (LEFT TO RIGHT):

CHRIS GOOD, CFO and GM Corporate Services
ERIKA HARGESHEIMER, GM Community Services & Protective Services
OWEN TOBERT, City Manager
BRAD STEVENS, GM Asset Management & Capital Works

BACK ROW (LEFT TO RIGHT):

DAVID WATSON, GM Planning, Development & Assessment
ROB PRITCHARD, GM Utilities & Environmental Protection
JOHN HUBBELL, GM Transportation

The City's administrative leaders.

The Administrative Leadership Team (ALT) oversees all City operations and strategic management, directing, managing and co-ordinating The City's programs, projects and initiatives.

The ALT also plays a major role in developing and implementing public policy, balancing the priorities and best interests of the community with The City's corporate goals and available resources.

Members of the ALT are The City's seven most senior administrators: the City Manager and general managers of each of the six departments:

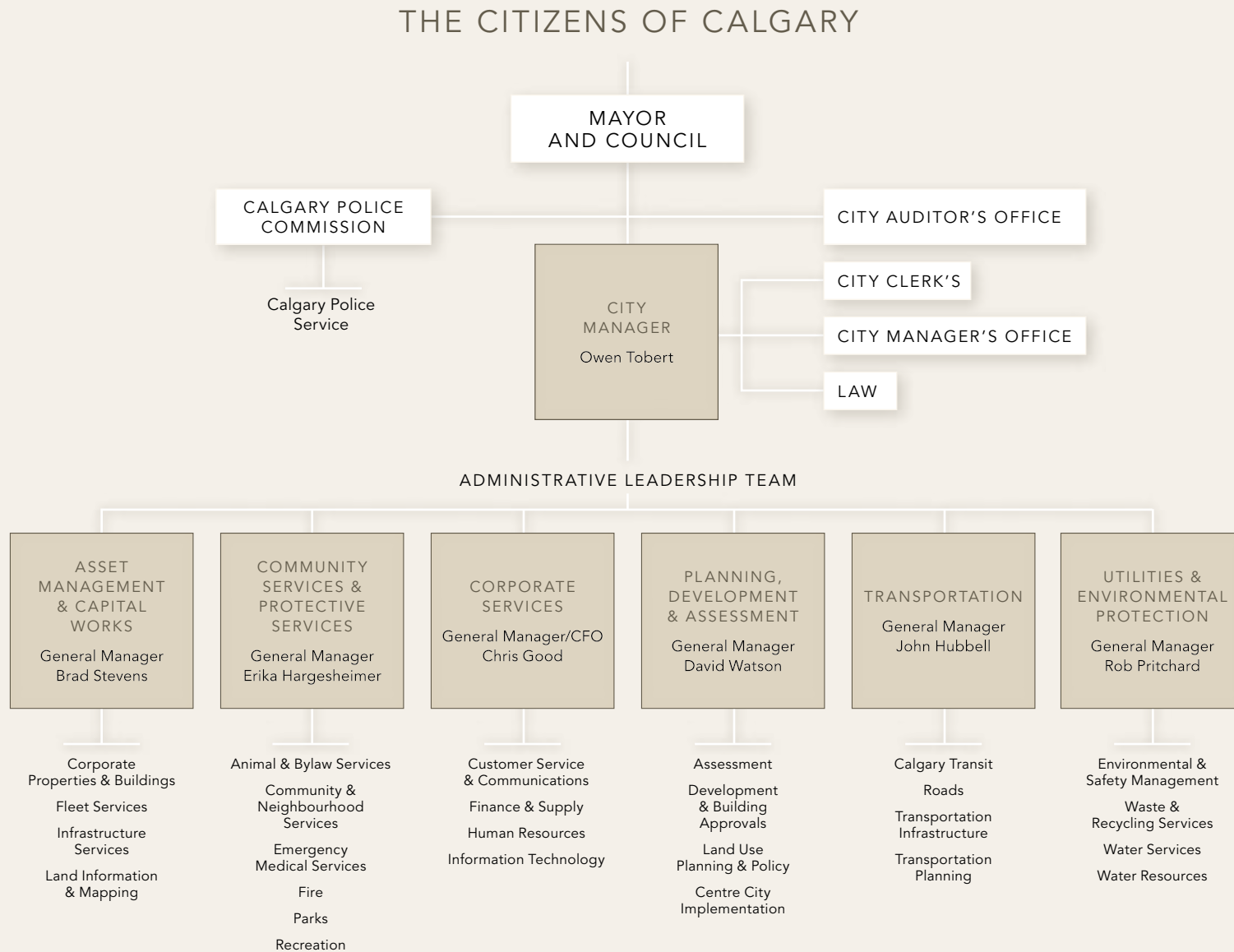
- Asset Management & Capital Works
- Community Services & Protective Services
- Corporate Services
- Planning, Development & Assessment
- Transportation
- Utilities & Environmental Protection

The role of the City Manager.

The City Manager, who leads the ALT, oversees all work of The Corporation and its thousands of employees, and reports to Council on a regular basis.

The City Manager implements the decisions of Council, provides advice to Council, and manages City Administration. He/she is responsible and accountable for ensuring all City work, projects, operations and services comply with Council's policies, priorities and direction.

CITY ORGANIZATIONAL CHART



2008 HONOUR ROLL

SETTING THE STANDARD.

THE CITY OF CALGARY, LIKE CALGARIANS THEMSELVES, SEARCHES FOR NEW WAYS OF DEALING WITH THE CHANGING CHALLENGES OF A CHANGING WORLD.



THE WINNER IN SO MANY CATEGORIES.

The newly opened City of Calgary Water Centre received accolades for innovation in environmental excellence, design, sustainability, and virtually every category imaginable.

For example, the Water Centre was honoured with an Emerald Award for 'environmental intuition by design' in the government/institution category from the Alberta Emerald Foundation. And together with Manasc Isaac Architects Ltd. & Sturgess Architecture, the facility won the Prairie Design Award of Excellence from the Alberta Association of Architects.

The Centre has qualified for LEED™-Gold certification, the upgraded environmental standards set out for new construction in our Sustainable Building Policy.

Water Services received an International Award for Sustainable Infrastructure from Vinyl, a U.S. trade association, in recognition of outstanding performance records, excellent management of infrastructure assets and substantial savings in repair costs with PVC piping. The Committee for Sustainable Infrastructure is made up of water industry engineers from across the U.S. and Canada.

THE EFFORTS OF CITY PEOPLE WERE RECOGNIZED WITH
MANY NATIONAL AND INTERNATIONAL AWARDS IN 2008:

- The Centre City Plan out-shone 44 other entries to take the 2008 Award for Excellence in Downtown Planning from the Canadian Institute of Planners (CIP). Calgary won based on overall innovation, implementation potential and presentation.
- The Reader Rock Garden Restoration Project was in the spotlight again on July 30, when the Heritage Canada Foundation and the Calgary Heritage Authority jointly recognized Calgary Parks with the 2008 Achievement Award for outstanding work and commitment in the field of heritage conservation.
- Calgary Parks, together with Harvard Developments, won the Canadian Society of Landscape Architects (CSLA) Regional Citation Award for the innovative redesign of Eau Claire Plaza.
- The 2007 Corporate Annual Report received the Canadian Award for Financial Reporting from the Government Finance Officer's Association. This is the seventh time The City's annual report has achieved the award.
- Calgary Transit captured a Special Merit Award for Contribution to the Environment from Metro Awards in Copenhagen, Denmark. The award recognizes Calgary Transit's many environmental initiatives including the Ride the Wind program which uses wind-generated electricity to power the CTrain system, making it 100 per cent emissions-free.
- Parks received the 2008 Lieutenant Governor's Greenwing Conservation Award. Introduced by Ducks Unlimited, the award recognizes individuals and groups who take a leadership role in promoting public awareness of the need to conserve wetlands and associated habitats. The City won for outstanding contributions to wetland conservation in Alberta.
- The Think Responsibly online safety program (Calgary Fire Department, Animal & Bylaw Services, Calgary Board of Education etc.) received the 2007 Jim Gray Safer Calgary Award presented at the 2008 Safety Expo. It's a prestigious recognition of the contributions made by members of the community towards achieving the goals of Safer Calgary.



- The City's Asset Management & Capital Works was recognized with the Canadian Green Building Council's (CaGBC) Leadership in Government Award for its contribution in advancing green buildings nation wide. Calgary was the first to implement a LEED-Silver policy at the local government level and, in so doing, set the bar for other municipalities. (In 2008, we raised the bar to LEED-Gold.)
- Animal & Bylaw Services won a CAMA Award for training excellence. The in-house officer training program, developed in collaboration with the Calgary Police Service, provides clear, concise and standardized guidelines and training to ensure officer safety and consistent, quality public service. This award-winning training program has been accredited by the Solicitor General of Alberta.
- Calgary took first place in the 2008 National Commuter Challenge with Calgarians recording more than 655,570 vehicle km savings – that's a 17 per cent improvement over the previous year. During the seven-day national challenge, The City hosted three Alternative Transportation fairs for workplaces with more than 1,000 employees. All participating workplaces finished in the top six of the challenge.
- The City won Calgary Inc.'s Best Places to Work award under the Public Administration and Government, Civic Services category. The City was recognized as an employer that offers its 12,150 full-time, and 2,075 part-time staff a sense of purpose as well as opportunity.

MUNICIPAL INFRASTRUCTURE

INFRASTRUCTURE IS WHAT MAKES A CITY 'WORK.'

MAJOR INFRASTRUCTURE PROJECTS WERE BEING COMPLETED, OR WERE WELL ON THEIR WAY, THROUGHOUT 2008.



Infrastructure projects were part of the most ambitious construction program in Calgary's history, projects necessary to catch up with years of super-heated growth.

Throughout 2008, infrastructure construction projects roared ahead, delayed only by the increasingly serious shortage of skilled workers.

The City was in the final year of its first three-year budget cycle, 2006 through 2008, so many of the most urgent capital projects were planned and budgeted for years in advance. The 'very-necessary-but-unfunded' project list got a huge helping hand in September 2007, when The City signed a new long-term agreement with the Province: the Municipal Sustainability Initiative (MSI).

Council promptly approved spending some \$1.3 billion in MSI funding on a major expansion of the CTrain system, including the long-awaited west leg of the LRT, and on new or upgraded sports and recreation centres, arenas and soccer fields in each quadrant of the city.

Many of these projects were 'shovels in the ground' in 2008.

In July, Council approved, in principle, another \$3.9 billion for capital funding within the 2009 to 2018 Transportation Infrastructure Investment Plan (TIIP), and allocated those dollars to roads, transit, and pedestrian and cycling infrastructure, all to support and ease the movement of people and products into and around the city.

Of course, infrastructure capital projects planned for the next three-year budget cycle, 2009 through 2011, may be impacted by economic slowdown, although any such potential impact will not be known until the current economic uncertainty clears, presumably later in 2009. For example, some projects may be postponed or reduced in scope, if necessary.



THE TRAINS ARE GOING WEST!

It's been on everyone's wish list for more than 30 years, and finally, the west leg of the LRT has the go-ahead, thanks to the new Municipal Sustainability Initiative revenue-sharing agreement signed with the Province late in 2007.

In 2008, after extensive public consultation, Council formally approved the route for the new line that will see the LRT network extend from downtown all the way west to 69th Street S.W. The design/build contract is expected to be in place late in 2009.

The West Leg project will be 'landmark' in many ways. Just one example: The City will be in the high school construction business for this project only. The City will provide the land for a new school adjacent to the West LRT alignment, will manage the construction of the facility, and will contribute \$30 million toward the cost, with the balance coming from the Province.

When the new 1,500-student school is ready (scheduled for January 2011), the present Ernest Manning High School will be 'decommissioned' and redeveloped as a major transit-oriented development around the new Westbrook LRT station.

When the West Leg of the LRT line opens in 2012, daily ridership on that line is expected to be between 37,000 and 44,000.

Many major Transit infrastructure projects have been completed, or are well under way, as Council delivers on its commitment to Calgary commuters.

Six years ago, Council committed to making the investment necessary to vastly expand the capacity of Calgary's public transit system. Council promised to make it easier and more convenient for Calgarians – particularly those who work downtown – to leave their cars at home and take the train or bus to work.

Directed by Council, and with additional much-needed funding provided by the Province, The City has delivered. And is planning to deliver even more in the next few years.

In fact, when the large-scale transit projects listed here are completed, along with others still in the planning stage, Calgary's CTrain system, already the most-used light rail system in North America, will have virtually doubled its capacity.

New line extensions, new stations, new cars and feeder buses, new park-and-ride lots: it took hundreds of millions of dollars, and hundreds of millions more are budgeted, but the 'city that fossil fuel built' is becoming a city known for its public transit system.

In 2008, work also began on two new replacement CTrain stations along the Seventh Avenue transit corridor downtown; stations that will handle travel in opposite directions at Sixth and Seventh streets.

The stations are part of the overall Seventh Avenue Refurbishment Project which, between 2007 and 2010, will see five new stations built along the corridor and existing stations upgraded and expanded, all of which are needed to accommodate future four-car LRT service which will significantly increase the capacity of the system.

As well, the new and refurbished stations will improve the aesthetics, safety and appeal of the corridor itself.

Other major transit projects completed or under way in 2008:

- Northwest LRT line extension to new Crowfoot Station.
- Northwest LRT line extension to Rocky Ridge/Royal Oak/Tuscany.
- Northeast LRT line extension to new Martindale and Saddle Ridge stations.
- Oliver Bowen LRT Maintenance Facility.
- New southeast Bus Rapid Transit service to begin in 2009, to accommodate growth before a planned southeast leg of the LRT can be built.
- From 2007, Calgary Transit ordered/took delivery of 40 new CTrain cars, 21 high-capacity 60-foot articulated buses, 85 regular buses and 12 community shuttles.

THE CITY OF CALGARY'S CAPITAL ASSET BASE

The City of Calgary's asset base: \$54 billion (replacement value) worth of roads, water and wastewater systems, a public transit network, parks, recreation facilities, waste management facilities and equipment, fire/police/EMS facilities and equipment, libraries, golf courses, local attractions and civic partnerships, trees, technology and buildings.

- 14,316 lane km of paved roads, 5,013 km of sidewalks, 875 traffic signals, 385 bridges for vehicles and pedestrians.
- A public transit system that includes a light rail transit (LRT) network with 37 stations, 44 km of track and 156 light rail cars, plus a fleet of more than 900 buses and community shuttles.
- 1,030 sports fields, 12 swimming pools, 18 arenas and fitness facilities, 99 holes of golf at six locations, two community leisure centres and two arts centres.
- 944 Calgary Police Service vehicles and 58 facilities including communication towers.
- 196 Calgary Fire Department vehicles and 41 buildings.
- 248 waste and recycling collection vehicles.
- 5,030 km storm drains, 4,656 km watermains, 4,537 km waste water mains. The City treats 1 billion litres of water and wastewater on average every day. That's enough to fill the Pengrowth Saddledome more than three times.
- 414,000 maintained trees on 7,700 hectares of maintained parkland.
- 17 libraries serving 448,375 patrons per year and managing 2.3 million holdings in circulation.
- Calgary Parking Authority operating eight parkades (owns six) with 5,300 stalls, 2,100 on-street parking spots and 1,100 surface lot stalls.
- 176 City-owned buildings.

2008 INFRASTRUCTURE PROJECT HIGHLIGHTS:



Young hockey enthusiasts enjoy ice time at the newly renovated Max Bell Centre

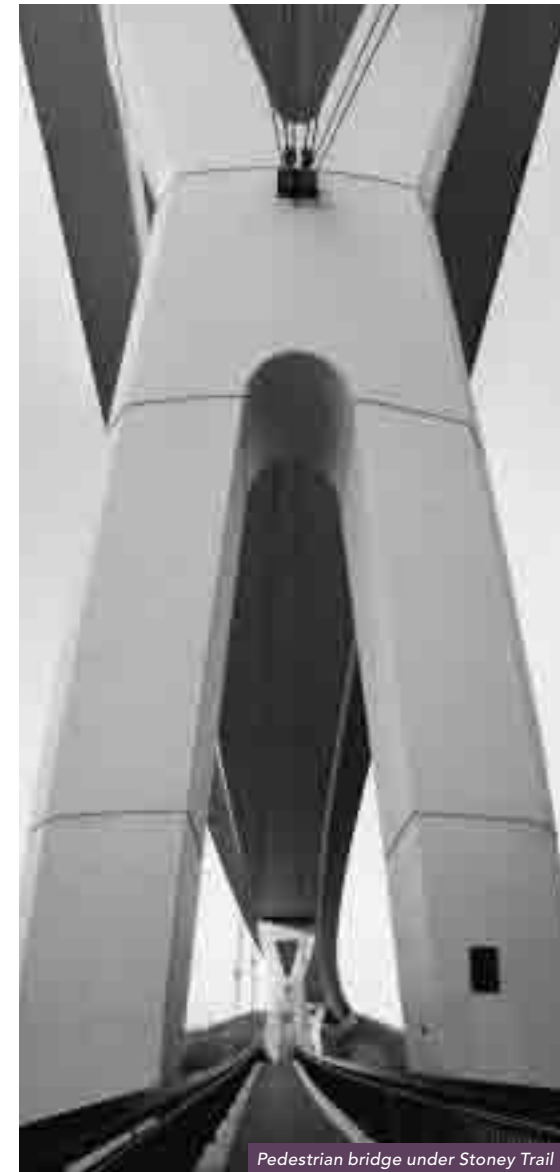
- The new Water Centre, one of the most environmentally sustainable facilities ever built by The City, opened on June 4, and has qualified for LEED-Gold certification (Leadership in Energy and Environmental Design).

The Sustainable Building Policy of 2004 set the mandatory construction standard at the LEED-Silver level, but in February 2008, Council updated the policy to demonstrate even stronger leadership in environmental sustainability. Now all new City buildings must achieve a minimum of LEED-Gold certification.

The Pine Creek Waste Water Treatment Plant Operations Maintenance and Administration building had been pursuing LEED-Silver according to the mandate of the original Sustainable Building Policy, but is now in a good position to receive LEED-Gold.

- Completed phase one of major rehabilitation work on the eastbound lanes of the Bow Trail Bridge. This project will extend the life of the bridge by approximately 75 years. It involved setting up a comprehensive detour plan to accommodate commuter traffic heading into the downtown along one of the city's busiest east/west corridors.

- Despite the dramatic changes to economies everywhere, including Calgary, The City's Industrial Land Program continues to ensure an adequate supply of land for development (200 acres are currently available for sale). In 2008, The City released 30 lots for sale at Royal Vista Business Park (22 designated for industrial business use, and eight designated for light industrial uses), along with another 17 lots for sale in Great Plains VI Industrial Park, all designated for light industrial.



Pedestrian bridge under Stoney Trail

- In September 2008, representatives from The City of Calgary, ENMAX Corporation and both the federal and provincial governments were on hand to mark the beginning of construction of the Calgary Downtown District Energy Centre.

The heat-generating facility at the east end of downtown will be part of a multi-phase Calgary District Energy Project to provide heating for up to 10 million square feet of new and existing downtown buildings through a network of underground insulated pipes.

The City has been working on the concept for more than eight years, and finally secured funding through the Canada-Alberta Municipal Rural Infrastructure Fund (CAMRIF).

- Construction started on a multi-purpose structure at the west end of downtown, a project that will be like no other in the city. When fully developed, Louise Station will include a joint Fire/EMS facility, affordable housing units, market housing and small commercial retail units, all sharing the same location.

The project will capitalize on the participation of the private sector in the development of urgently needed affordable housing units in the downtown.

- The City's new Logistics Centre opened in the municipally owned Manchester Centre, and is the first LEED-certified warehouse in Calgary. It consolidates three existing warehouse facilities and one investment recovery/surplus sales facility.

GLENMORE TRAIL UPGRADES: ON TIME, ON BUDGET, AND NOW, ON THE RECORD.

Work on Glenmore Trail west of Macleod Trail wrapped up on Oct. 10, with the completion of major upgrades to the Glenmore Causeway. This was the final stage in the largest and most ambitious road construction project in Calgary's history.

The overall project called for two new interchanges, two pedestrian bridges, additional lanes and a wider bridge over the Glenmore Reservoir. Plus 144 SUV-sized concrete fish, the 'Jumping Trout' public art project on the below-grade walls of the causeway itself.

It was also one of the most complex projects. Seven lanes of traffic had to be kept open – and 140,000 vehicles driven over the causeway every day – for the entire three-year duration of construction activity. At the same time, precautions had to be taken to protect Calgary's drinking water supply in the Glenmore Reservoir, while construction was happening over the reservoir itself.

In addition, the revision of provincial flood protection standards required the causeway be changed to accommodate new maximum flood requirements.

- At the end of January, The City took possession of a 46-unit, six-storey, multi-family housing complex in the Beltline for the express purpose of turning it into affordable housing units. All 35 one-bedroom and 11 two-bedroom units were vacant at the time of possession, which meant they could provide immediate accommodation for tenants on the Calgary Housing Company wait-list.
- The growing size of The City's infrastructure base combined with the indirect fallout from the economic downturn has meant that The City must take care to protect The Corporation – and taxpayers – from bonding and insurance issues

that may arise from any new inability of outside carriers or vendors to fulfill their obligations.

- The vision of affordable housing integrated within developing communities city wide came into focus this year with The City acquiring a portion of a parcel of land for affordable housing through a land exchange with a developer for an undeveloped road right-of-way, and subsequently exercising its option to purchase the remainder of the parcel of land in West Springs. The land is now identified for affordable housing. Plans outlining what the future housing program will look like are being developed.

CITY SERVICES

HUNDREDS OF SERVICES. MORE THAN A MILLION CUSTOMERS.

THE STORY OF CITY SERVICES DELIVERY IN 2008 WAS THE STORY OF RECRUITMENT AND RETENTION CHALLENGES.



Challenges such as how to recruit – and keep – the skilled people needed to provide the services that support a growing, sophisticated urban community. And how to do so in a fuller-than-full employment market.

Throughout 2008, The City needed people in just about every category imaginable. From the people needed to plan future neighbourhoods, to those who would operate the transit system that would serve

those neighbourhoods. From the people who pick up the garbage, to others who were preparing for the introduction of city-wide blue cart recycling.

We needed police officers, fire fighters, transit security and bylaw officers. We needed accountants, lawyers, engineers, IT people and heavy duty mechanics. We needed administrative support people, swimming instructors and environmentalists. We needed water meter installers, social workers and golf greens staff.

Like all other business and community organizations, The City was trying to compete for good people in a market where thousands of jobs were vacant, and virtually everyone who wanted a job, had one.

The City went to great lengths to promote the benefits of a meaningful career in municipal government. Almost every City department participated in one or more of literally dozens of local, national and international job fairs. These fairs delivered results: hundreds of job offers were made and new employees

signed on as a result of career fairs as far afield as London, Ontario — and England.

But once signed, retention of new employees was another side of the personnel challenge. Certainly The City could not match, in salaries or ‘perks,’ what the market-leading oil and gas industry was offering through 2007 and much of 2008. And with 17 per cent of City employees already eligible for retirement, it was crucial to manage the potential loss of knowledge and experience.

One potential positive outcome of the economic slowdown: it could be easier to recruit good people into government service – and retain them – in 2009 than it was in the boom years.



MORE AND MORE CITY SERVICES ARE BEING DELIVERED ONLINE.

It's more convenient for the public, and more cost-efficient for The City. Everybody wins, especially the taxpayers.

From blogging to business, it's easier than ever to connect with The City online.

Calgarians can now go online to access information about their current property assessment, renew a pet licence, register for a Recreation program or book a tee-time at City facilities. They can download transit route and schedule information, buy a street map or pay a parking ticket. And Calgarians can now participate in The City's first blog: [Centrecitytalk.com](http://centrecitytalk.com).

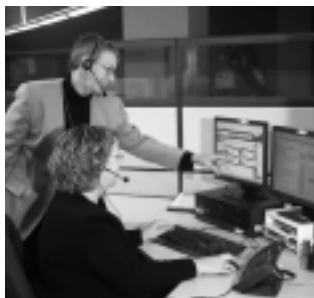
Several new functions were added to The City's website in 2008.

Building on the success of ePlans, which makes it possible to submit, circulate and approve subdivision applications online, The City launched eSubmissions to enable electronic applications for land use (including standalone), Area Outline Plans and road closures.

Environmental & Safety Management launched an online EnviroSite property report service that provides almost instant information regarding the land use history of city addresses, as well as the names of previous commercial/industrial occupants and any environmental assessment reports that have been submitted to The City on the sites.

The instant, at-your-fingertips online service replaces a laborious manual process that used to take up to 30 days to complete.

The City also prepared two new interactive maps, one for the pathway network and the other for transit bus routes and schedules.



CITY SERVICES: BY THE NUMBERS

- The Calgary Fire Department (CFD) responded to 49,812 incidents this year. Of those 2,467 were fires that caused \$52,634,093 in loss and damages. Once on scene, firefighters managed to contain most of the blazes, saving 97 per cent of the properties from additional loss. Through its fire prevention and injury prevention initiatives, CFD made non-emergency contact with 87,600 Calgarians.
- City Roads crews removed approximately 40,000 tonnes of sand, gravel and debris from city streets, sidewalks and boulevards.
- Staff at the 3-1-1 call centre answered more than 1.2 million telephone inquiries from the public and enabled 24,000 online service requests to be routed straight to the source for such services as sidewalk repairs, residential garbage pickup, burned-out streetlights, graffiti on public property, and information on various City programs such as TIPP, the Property Tax Installment Payment Plan.
- Access Calgary, Calgary Transit's shared-ride, door-to-door service for people with disabilities, averaged 4,000 trips a day in 2008, adding up to more than one million trips by year's end. Newly introduced mobile data technology helped improve service efficiencies, providing better communication and response times, and improving accessibility to addresses city wide for 16,500-plus subscribed customers.
- The City conducts an annual census at every residential doorstep city wide. This year, 845 census workers knocked on 432,997 doors to gather the information that is then used to help The Corporation plan for the future and ensure service capacity in areas from transportation and recreation to fire protection and police services.



2008 CITY SERVICES HIGHLIGHTS:

- Calgary's public safety and security services received significant boosts in 2008, funding to provide large increases in personnel numbers, new technologies and facilities, and the dollars needed to do their jobs.

Council approved a \$25 million increase to the Police Service's budget over the next three years to fund more sworn officers. These funds, released immediately, meant the Police Service could recruit and train additional officers in 2008, and have them ready for front-line deployment early in 2009.

In 2008, the Police Service graduated more than 220 new recruits, with a similar number expected for 2009. The Fire Department graduated 91 recruits in 2008, and plans an additional 200 in 2009. Sixteen new Transit peace officers (for a total of 66) went on front-line duty in 2008, and another nine are expected to complete their training in 2009.

Council has invested \$1.24 billion (operating and capital) in security services over the past three years. An additional \$409 million has been approved for more Police,

Fire, and Animal & Bylaw Services personnel, equipment and stations in the 2009 to 2011 budget cycle.

The huge investment in Calgary's protective services comes in response to increasing public concerns about personal safety. In fact, for the first time in the 11-year history of Calgary's Citizen Satisfaction Survey, crime/safety/policing was the number one issue on the minds of Calgarians.

- In January, Council approved a Calgary Fire Department report recommending service level and response time performance benchmarks. The report, the first of its kind for The City, examined Calgary's unique geographic and demographic profile to create benchmarks that define what constitutes an adequate level of service for the community and the corresponding budget required to deliver service at that level.

- Effective leadership involves having and exercising the will to share knowledge with the larger community for the greater good. The City showed such leadership and willingness to share Calgary's experience with affordable housing options and homeless issues at a three-day symposium on the subject in St. John's, Newfoundland.



2008 Calgary Fire Department graduates

- Calgary has more licensed dogs than any other Canadian city. On Dec. 10, Animal & Bylaw Services issued Calgary's 100,000th dog licence to a Great Dane named Ruby. The City is again tops in the country with the highest rate of compliance for dog licensing, and an 86 per cent return-to-owner rate for dogs brought into City shelters.
- What do you do when you've got hundreds of families counting on registering their kids in summer camp at a venue on tap for major renovations? You move the programs to another facility and carry on as expected. Despite having to clear out of their own facility for the entire summer, Village Square Leisure Centre relocated its summer camp operations to James Short High School and recorded a 95 per cent fill-rate, with 1,082 registrants over the six-weeks.

The cat licensing program introduced in 2007 has also proven successful, with 47,000 cats licensed in 2008 and a return-to-owner rate of 56 per cent.



Signal Hill Fire Station #33

- You may call it something right out of television's CSI series, but The City calls it Digital Crime Imagery, and it's a new product developed here for the Calgary Police Service. The technology highlights and combines digital images of an incident scene with the survey data of the incident area. The result? A very useful tool for presenting case information in court.

- On Oct. 16, Signal Hill Fire Station #33 opened for business. Tucked in amongst its residential neighbours, this combination Fire and EMS facility brings peace-of-mind, ready-to-respond service to the communities along the city's southwest perimeter.

The station is also a shining example of environmental stewardship.

The new multi-use facility was built to achieve LEED-Silver certification with a stormwater management pond and creative landscaping on the exterior, and such energy-efficient interior features as natural lighting, low-flow toilets, non-toxic paints, a green housekeeping program and energy-efficient lighting on motion sensors.

- In February, Calgary's Traffic Advisory Radio station took up a new position on the FM dial at 106.5 FM. The station now broadcasts city wide, providing comprehensive, up-to-the-minute traffic reports.

- Calgary Parks brought the outdoors in – to bring indoor people out. A 13-week parks awareness campaign featured billboard-sized photographs of scenes from local parks, along with the teasing lure words, "Almost this close." As well as the billboards, the stunning images were applied to the inside of elevator doors in eight downtown office buildings, including the Municipal Building.

- The City's Law business unit is working closely with Roads and Building Regulations to address a significant and emerging issue in Calgary: abandoned construction sites. The team is developing a strategy to ensure public safety, protect public infrastructure, and recoup taxpayer dollars spent securing building sites where the contractor/developer has walked away.

QUALITY OF LIFE

IT'S ABOUT BALANCE.

MOST CALGARIANS RATE THEIR QUALITY OF LIFE AS 'GOOD,' BUT THERE ARE RISING CONCERNS, PARTICULARLY IN AREAS OF 'BIG CITY' SOCIAL ISSUES. SO AS DIRECTED BY COUNCIL, THE CITY HAS ADOPTED AN 'ALL FRONTS' STRATEGY TO DEAL WITH THESE ISSUES.



Just because Calgary is a big city now, doesn't mean big city problems will be tolerated in this community.

That's the direction of Mayor Bronconnier and Council, and it's an attitude that's heartily endorsed by City Administration.

In 2008, The City started to see some hopeful signs that problems of gang-related crime were on the decrease.

Certainly there were still too many highly-publicized incidents of street-level violence, but overall, it seems the huge investment The City has made in increased, on-the-street police presence, more video surveillance of trouble spots, and an aggressive, multi-tiered, gang-targeted strategy seemed to be getting results.

PROGRESS MADE TOWARD CREATING MORE AFFORDABLE HOUSING.

Too many Calgarians (18 per cent in 2006, according to the federal census) are both low-income and spend more than 30 per cent of their pre-tax income on shelter. They need non-market affordable housing, and in Calgary, there simply has not been enough to fill the need.

By year-end 2008, the Calgary Housing Company had 2,800 persons on a waiting list for suitable housing they could afford. Council adopted an aggressive strategy to increase the supply.

Two major City-developed affordable housing projects were completed in 2008. The 60-unit Crestwood multi-family development in Millican-Ogden provides affordable accommodation for low-income households with children, and persons with mobility difficulties.

The 41-unit multi-family Vista Grande development in Vista Heights was developed for working singles, couples, families and persons with mobility challenges.

The uncertain economic outlook could have either positive or negative impacts on Calgary's affordable housing situation.

On the positive side, it could provide the opportunity to increase the housing supply at a time when construction costs are lower and more construction workers are available. At the same time, potential job losses in 2009 could increase pressure on an already inadequate supply of low-cost housing.



Treo at Montreaux in Springbank Hill

TARGET SET TO END HOMELESSNESS WITHIN 10 YEARS.

The City's biennial homeless count in May recorded 4,060 individuals living on city streets or in local shelters. That puts homelessness up 18 per cent over the last two years. It's a problem that can't be fixed with just a warm blanket and a cup of soup.

In January, Calgary's Committee to End Homelessness – launched by Mayor Bronconnier and including some of the most innovative thinkers

from the private business community, all orders of government, not-for-profits, the faith-based community and social service organizations – unveiled its 10-year plan to end homelessness in this city.

The plan, which received high praise from a leading U.S. advocate for ending homelessness, drew on ideas and programs that were field-tested, evidence-based, and incorporated into similar 10-year

plans in such cities as New York, Portland and Denver.

The plan sets out ambitious targets: create more than 11,000 affordable housing units, including secondary suites and student housing, reduce the number of emergency shelter beds by half within five years, eliminate family homelessness within two years and chronic homelessness within seven.

PUBLIC PARKS ARE A CITY-WIDE LEGACY.

The ENMAX Legacy Parks fund was established in 2003, and in 2007, was extended for another five years. A portion of the dividend from the City-owned utility is set aside for the purchase/renewal of parkland and green spaces.

Other major Legacy Parks projects now under way include:

- The City's "Landscape of Memory" project along Memorial Drive took root this summer, after the removal of several historic poplar trees to make way for new plantings (many cloned from the historic trees planted in memory of WWI soldiers) along freshly landscaped boulevards and planted medians. Upgrades were also made to the street lighting and lighting along the pathway, helping illuminate this historic stretch of Memorial Drive for all to enjoy.
- Ralph Klein Park encompasses 30 hectares along Calgary's southeast city limits. Roadwork, servicing and grading is under way with wetlands and facilities construction to continue through 2009.
- Restoration of the historical components and landscaping in downtown's Memorial Park.
- Design work for Bearspaw/Haskayne Park and Clearwater Park.
- The City is also looking at making improvements to other existing parks in older, established areas, and creating more green spaces where needed.



Central Memorial Park

PUBLIC ART

ESPECIALLY UNIQUE, EYE-CATCHING
PIECES THAT SEEM TO POP UP IN THE MOST
UNEXPECTED PLACES, CAN ADD SO MUCH TO THE PERSONALITY AND VITALITY OF A CITY.



Mural in Max Bell Arena

Two major public art installations were completed in 2008:

- Calgary Recreation commissioned Vancouver artist Blake Williams to design a 9 × 42 foot mural celebrating amateur hockey – the individual players and the core experience of the game. Located in the foyer of Max Bell Arena, the mural is receiving rave reviews from visitors to the facility.
- A multi-faceted public art project called The Colour of Snow adorns the newest CTrain station at Crowfoot, and both the pedestrian and connector

bridges spanning Crowchild Trail N.W. Drawing inspiration from the unique molecular structure of snowflakes, renowned sculptor Barbara Grygutis aligns the texture and complexity of design found in nature with that of our built environment.

Less formal but just as interesting are the murals showcasing the work of local artists on the boarded walls that section off downtown development-in-progress construction sites. The work is a partnership of the Calgary Downtown Association, The City's Clean to the Core project, Metro Calgary and local developers.

IF IT'S GOOD FOR CALGARIANS, THE CITY IS A BACKER.

The City is a major participant and partner in industry-specific and business development organizations such as Calgary Economic Development, Tourism Calgary, and various business revitalization zones.

The results of such joint efforts are impressive. For example, the newly formed sport tourism marketing campaign to attract major national and international sports events to the city could be described as paying off in leaps and bounds and swings and splashes.

In October 2008, we learned that Calgary had been selected to house Canada's Sports Hall of Fame at the newly upgraded and expanded Canada Olympic Park. This represents a tremendous opportunity for our community to help honour and celebrate the nation's sports legends.

Other 'catches' that were in the final stages of planning throughout 2008, for staging in 2009: the Tim Horton's Brier, the CN Canadian Women's Open, the Grey Cup, the Ironman 70.3, and the World Waterski Championships.

2008 QUALITY OF LIFE HIGHLIGHTS



- One of Calgary's oldest parks, Centenary Park, just west of the Calgary Zoo, got a facelift in 2008 to bring it up to the aesthetic and safety standards of the rest of the Bow River Pathway. It's actually a seven-hectare island that's a major songbird habitat and site of a stand of balsam poplars that are more than 100 years old.

- Two sure signs Calgary is becoming a very big city: First, for decades, we walked through downtown intersections at right angles. Now two back-to-back intersections have been changed to 'pedestrian criss-crosses' allowing pedestrians to move through on the diagonal. A second sign: 10-digit dialing is now the rule here.

- The City helped Renfrew Community Association build a new play park designed especially for very young children. It features lower-than-usual play equipment, is completely wheelchair accessible and, for the first time in Calgary, uses a carpet-like surface that makes for softer landings. The City donated new sod and 'in kind' labour with some City employees volunteering their own time to lay the sod.

- In keeping with the *Clean to the Core* mandate to beautify the downtown, The City put in gorgeous all-season floral displays this year. Much of the planting was done unseasonably early, in time for the Junos in early April. It was all part of an enhanced Centre City pageantry program that lasted the entire year and included 40,000 flowers planted in 656 hanging baskets, 101 flowerbeds, 13 sidewalk planters (Seventh Avenue LRT stations) and 56 planter boxes.

- In 2008 alone, The City delivered 93,242 hours of registered Recreation programming, and 890,976 'rental' hours of ice-time, athletic parks, playing fields, ball diamonds, etc. We operated 50 sports and recreation facilities including pools, arenas, athletic

parks, arts centres and the largest free skatepark in North America.

And, by sheer proximity to the adventures waiting in the mountains, rivers, prairie tundra and everywhere in-between, we promoted healthy, active living for every age and every interest imaginable throughout the year.

- Directed by Mayor Bronconnier, The City submitted proposals to the Province for developing surplus school sites on community reserve lands for a wide range of community needs, including seniors' care facilities and affordable housing.

The idea is to use these community reserve sites – no longer needed for schools – to meet the evolving priority needs of the surrounding communities. Land that was designated for community service will, in fact, be used for community-based services.

ENVIRONMENT

LEADING BY EXAMPLE

RESPONSIBLE ENVIRONMENTAL MANAGEMENT MEANS BALANCING THE NEEDS OF A GROWING CITY WITH THE NEED TO PRESERVE AND PROTECT THE AIR, WATER AND LAND RESOURCES WE'VE BEEN BLESSED WITH.

It's an ongoing challenge that often involves changing behaviours. The City is making an 'all fronts' effort to do just that.

The City puts a very high priority on environmental issues. So high, in fact, that no project or program gets the go-ahead without an assessment of its potential impact on the environment.

This triple bottom line method of decision-making, now in widespread use among progressive government and private sector organizations, mandates that environmental, social and economic impacts must all be considered before any project is approved.

Responsible environmental stewardship is about much more than today's clean water, clean air and clean land. It's also about ensuring our children and grandchildren will inherit an environment as safe, supportive and appealing as it is today.

Responsible environmental stewardship is largely about behaviours and habits, about living more gently on the land. And for The City, it's about leading by example.



MOST CALGARIANS RATE THE OVERALL STATE OF THE CITY'S ENVIRONMENT AS 'GOOD.'

In the 2008 Citizen Satisfaction Survey, a whopping 88 per cent of Calgarians said the overall state of the city's environment – the quality of our air, water and land – was 'good' or 'very good.'

At the same time, 75 per cent gave The City a 'satisfied/very satisfied' rating for protecting the environment, but considerably fewer (61 per cent) said they were 'satisfied/very satisfied' with The

City's programs and services aimed at helping Calgarians reduce their environmental impact.

DOOR-TO-DOOR COLLECTION OF RECYCLABLES IS ON TRACK FOR 2009 LAUNCH.

One of the most significant developments on the environmental front during 2008 was the progress made toward the launch of the Blue Cart Recycling program.

The ambitious program was piloted in six local communities in 2005, endorsed by Council in 2007 and will roll out to some 300,000 Calgary homes in the spring of 2009.

It will be a major step toward achieving The City's 80/20 by 2020 goal. That is, by the year 2020, Calgarians will be diverting 80 per cent of their waste, and sending just 20 per cent to the landfills.



Blue cart recycle collection

MORE AND MORE CALGARIANS ARE MAKING CHANGES TO HELP THE ENVIRONMENT.

The City helps Calgarians adopt environmentally friendly behaviours through programs, reminder campaigns and community outreach. Together, our actions are making a difference, as demonstrated in the following examples:



Making a difference at home

- Calgarians diverted a mind-boggling two million kilograms of electronic junk from the city's landfills through Waste & Recycling Services' electronic recycling program. That's an amount equivalent to the weight of about 49 LRT cars or 292 adult elephants.
- During this year's two toilet truckload sales (a partnership between Water Resources and Home Depot), Calgarians bought 3,500 low-flow toilets, replacing older, water-guzzling models in their homes and condos. Since the program began in 2003, nearly 15,000 water-guzzling toilets have been replaced. A new Hotel/Motel Toilet Replacement Program saw more than 750 low-flow toilets installed in seven hotel locations city wide.
- Calgary residents dropped off almost 2.3 million kilograms of leaves and pumpkins at more than 30 City locations during this year's Leaf and Pumpkin Recycling and Composting program. The organic material is turned into compost that is then used to enhance landscaping in City parks and green spaces.
- The 2008 Mayor's Environment Expo broke all previous attendance records with close to 5,000 school kids, teachers and interested members of the general public taking part in the many exhibits, presentations and workshops over the show's three-day run in early June. A highlight of this year's Expo: Mayor Bronconnier formally unveiled the blue carts that will be delivered to all homes for use in the Blue Cart Recycling program.
- Sales were up 60 per cent over 2007 numbers for Waste & Recycling Services' annual one-day backyard composter sale. Nearly 6,000 units were sold, setting a new all-time record.
- The City's Christmas Tree Recycling Program collected and mulched more than 30,000 trees. In the spring, all that mulch is made available to the public on a first-come, first-served basis, for use in residential landscaping.

2008 ENVIRONMENT HIGHLIGHTS:

- Development & Building Approvals gave the green light to the purchase of an additional 27 hybrid vehicles for its mobile inspection operations. Throughout The Corporation there are now 63 hybrids in service, ranging from four-door sedan carpool vehicles to SUV hybrids replacing supervisory trucks.
- Global TV broadcast live from the Shepard landfill for three days in June, an innovative communications effort aimed at raising public awareness of how personal behaviours and habits can impact the earth and its future. The on-location broadcasts highlighted the new blue cart recycling service coming in 2009, backyard composting, and the conversion of waste-to-energy project at the landfill.
- Fleet Services is the first business unit in The Corporation to implement phase one of Environment Canada's regulation on Volatile Organic Compound (VOC) emissions, new surface coating standards for commercial automotive coating facilities and operations. Fleet Services moved from using solvent-borne to water-borne technology a full year ahead of schedule.
- The City took an increasingly active role in educational programs to change Calgarians' commuting habits, with the goal of getting people out of their cars and onto public transit, bicycles, or into car pools. For example, Transportation Planning staff took the message directly to commuters at their workplaces, hosting 23 Alternative Transportation fairs at various large corporations and institutions.
- The City is exploring phasing out the cosmetic use of pesticides and pesticide-herbicide combination products on both public land and private lawns. In July 2008, Council approved a public consultation process that would engage the community-at-large and other stakeholders, and come back to Council in the fall of 2009. In the meantime, the Province has announced that an outright ban on the sale and use of weed-and-feed type lawn care products will come into effect Jan. 1, 2010, the same day the proposed Calgary bylaw would become law.



Project Porchlight is brightening futures.

- The City joined the Government of Alberta, EnCana Corporation and The City of Edmonton in Project Porchlight, an international initiative challenging individuals to make one simple change for the greater good – the environment. In our city alone, Project Porchlight handed out 168,000 free compact fluorescent light bulbs, each of which will use up to 75 per cent less energy than old fashioned incandescent bulbs.
- The City demonstrates responsible water conservation in the way we irrigate public gardens and parkland. Calgary Parks now has 2,139 irrigated landscape sites (totally 2,387 hectares), and 999 centrally controlled (automated) sites totaling 1,507 hectares. Our Water Management System has grown by 825 per cent over the past seven years and is easily the largest of its kind the world over.



Bicycle commuters in Eau Claire

- The City is making it easier, safer and more attractive to commute on a bicycle to and from more Calgary communities. In 2008, Council formally adopted a bicycle policy, setting out design principles for City roadways and pathways that would make it safer, more convenient and more appealing to commute by bike. The policy includes improving existing cycling routes and building new links for the network, providing bicycle parking and lockers where possible, and “Share the Road” education programs for both pedestrians and cyclists.

By the end of 2008, more than 74 km of on-street bike lanes were in place, with another 20 km planned for 2009.

- Nine stormwater quality retrofit projects were approved in 2008, with five under construction and four more designed and ready for construction in 2009. These upgrades reduce the amount of sediment reaching the river – which protects both the health of the river and the quality of our drinking water.
- Phase one of the Pine Creek Wastewater Treatment Plant was commissioned in 2008. The plant positions Calgary to meet the needs of a growing population. When fully operational, the plant will serve more than 250,000 Calgarians – treating wastewater in an efficient, economical and environmentally sustainable manner.

- A four-month Telework pilot project involved 100 employees from 10 business units working from home an average of two days a week. Close to 95 per cent of participants reported an improvement in their quality of life, and according to City supervisors, 90 per cent of the participants maintained or improved their level of productivity.

Over the course of the pilot project, it is estimated participating employees took 3,656 fewer commuting trips adding up to more than 80,000 fewer kilometres spent travelling in their vehicles. This would equate to saving about 7,000 litres of fuel, and cutting carbon dioxide emissions by 18,000 kilograms.

Although there are other companies in Calgary that allow their employees to telework, few have gone so far as to adopt a formal telework policy, and fewer still monitor the environmental and transportation results.

- Major upgrades were completed at Bearspaw Water Treatment Plant in 2008, including a new Pre-treatment Plant to ensure high quality drinking water during high runoff periods, and a new Residuals Treatment Facility that will see

waste process streams treated and recycled on site, reducing the amount of water withdrawn from the river, and residual solid waste removed rather than being deposited back into the rivers.

- Usually The City is working to protect the environment from the impact of civilization but there are times that people need to be protected from the environment. The dangers of the Bow River weir are well documented, with 14 lives lost to what has come to be known as the “drowning machine” since the weir was built for the purpose of agricultural irrigation in 1914.

In September, the provincial government signed on to help fund this major renovation project being led by the Calgary Parks Foundation with support from The City and numerous other stakeholders. Construction of the new Harvie Passage will enable continuous river passage for fish, wildlife and people, and is scheduled to begin in late fall.

THE CITY IN THE CITY

IF IT'S HAPPENING HERE, WE'RE THERE.

PUBLIC CELEBRATIONS, FESTIVALS, OR COMMUNITY-WIDE GET-TOGETHERS: CITY PEOPLE HELP KEEP THE GOOD TIMES HUMMING.



Free Juno concert held at Olympic Plaza

There's not much that happens in Calgary that doesn't – directly or indirectly – involve City services, facilities and people.

Much of what The City does is well-known, providing police and fire services, for example. Public transit. Garbage collection. Building and operating the roads, bridges, parks and recreation centres that are so much a part of a community's support system.

City people conduct safety checks of smoke detectors, bicycles and blood pressures. They provide advice on recycling, pesticide-free lawns and water-saving appliances. They help with lost pets, community skating rinks, Internet safety and just about every other activity imaginable.

But The City is also the much-less-known service-provider in the background of virtually every major community event, fundraiser or happening here. This

includes events we run ourselves, like Canada Day, and all those we support with background advice, resources and services, like not-for-profit walks, runs, bike rides and barbeque cook-offs.

There are an estimated 130 different festivals and events that just wouldn't happen without The City's involvement.

City people provide crowd control at major celebrations and street cleaning when the celebrants have gone home. They help set up stages and sound systems for concerts and festivals, and provide safety inspections and security at the events.

Like the nationally televised 2008 Juno awards, recognizing the best in Canadian music. The blow-the-lid-off celebration on Olympic Plaza when the Calgary Stampeders won the Grey Cup (again, finally!), the symbol of Canadian football champions.





FINANCIAL INFORMATION

2008 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

The City of Calgary 2008 Annual Financial Report contains the audited consolidated financial statements prepared in accordance with principles and standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, as required by the Alberta *Municipal Government Act*.

The financial statements consist of:

- Consolidated statement of financial position (summary of financial and physical assets, liabilities and municipal position at year end),
- Consolidated statement of financial activities (summary of combined operating, capital and reserves funds activities reflecting what funds were raised and how they were used during the year, plus the change in the net value of government business enterprises),
- Consolidated statement of changes in financial position (summary of how The City's cash position changed during the year, highlighting sources and uses of cash),
- Operating fund and capital fund (separate summaries for each fund of what funds were raised and how they were used during the year),
- Reserves fund (summary of transfers between the reserves fund and the operating and capital funds).

The City of Calgary Administration is responsible for preparing the following financial statement discussion and analysis (FSD&A). It should be read in conjunction with the audited consolidated financial statements and the financial and statistical schedules.

The FSD&A reports to stakeholders on how the financial resources entrusted to The City are being managed to provide municipal infrastructure and services. It explains the significant differences in the financial statements between the reported year and the previous year as well as between budgeted and actual results. The FSD&A also identifies trends, risks and anticipated events that could have financial implications.

For 2008, The City of Calgary was able to implement its business plans and budgets essentially as expected. The City enters 2009 with a three-year plan reflecting its long-term goals, but it is monitoring its financial performance carefully so that it can address any local effects of the global economic downturn. These issues are touched on in the risk management and outlook sections at the end of the FSD&A, following the financial analysis of 2008.

ECONOMIC ENVIRONMENT

Calgary's economy grew more slowly in 2008, as indicated by the following statistics.

	2008	2007	CHANGE
Calgary			
Population (April census)	1,042,892	1,019,942	+2.3%
Employment ⁽¹⁾	629,500	612,700	+2.7%
Residential housing starts ⁽²⁾	9,606	10,947	-12.2%
Building permit applications	14,920	18,450	-19.1%
Building permit value (\$ billions)	\$4.142	\$5.616	-26.2%
Calgary Census Metro. Area			
CPI inflation rate	3.2%	5.0%	-36.0%
Calgary Economic Region			
Unemployment rate	3.3%	3.2%	+3.1%

sources: see schedule of demographic and other information on page 103 except:

1. Estimated by The City – Corporate Economics based on Statistics Canada Labour Force Survey.
2. Canada Mortgage and Housing Corporation.

Census population growth from April 2007 to April 2008 was 22,950 (2.3%) compared to 28,183 (2.8%) for the year ending April 2007. The forecast annual population increase moves from 2.2% to 1.8% over the next five years. Residential and non-residential construction are declining due to the recession, but are expected to improve to match expected growth once the economy recovers.

Population and economic growth continue to drive demand for more infrastructure and services from The City.

2008 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS

REVENUES AND EXPENDITURES

The City had revenues of \$2.405 billion through the operating fund (including an ENMAX dividend of \$50 million), \$673 million through the capital fund, and increased equity in ENMAX and Calgary TELUS Convention Centre of \$131 million (\$181 million in earnings less the \$50 million dividend from ENMAX) for a total consolidated revenue of \$3.209 billion (2007– \$2.915 billion).

The City spent \$1.938 billion through the operating fund and \$1.351 billion through the capital fund for a total consolidated expenditure of \$3.289 billion (2007– \$2.764 billion). The decrease in net financial assets (net expenditure) was \$74 million (2007 – increase of \$151 million).

The tax-supported operating surplus for 2008 (after net contributions to reserves) was \$7.3 million (2007–\$9.4 million).

Operating revenues exceeded budget while expenditures were slightly below budget. Reserves for capital and lifecycle maintenance and upgrade were increased as a result of the revenues increasing more than the expenditures.

Revenues and expenditures increased by more than inflation as a result of the continuing growth.

CONSOLIDATED FINANCIAL POSITION

As at December 31 (in thousands of dollars)

	2008	2007
A. Financial Assets	\$ 4,138,240	\$ 3,790,511
B. Liabilities	3,458,413	3,036,797
C. Net Financial Assets (A minus B)	679,827	753,714
D. Physical Assets	11,007,582	9,758,389
E. Net Assets (C plus D)	11,687,409	10,512,103

Calgary's growth increased all components of The City's financial position except net financial assets. The City's net assets increased by \$1.175 billion (11.2%) in 2008, primarily from the increase in physical assets (purchased and donated), but also reflecting an increase in the equity in ENMAX.

The long-term debt component of liabilities (including self-sufficient tax-supported and self-supported, but excluding ENMAX) increased by \$262 million to \$1.959 billion

The City's long-term debt ratings were affirmed at AA+ by Standard & Poor's and AA (high) by Dominion Bond Rating Service.

CASH FLOW

The City's cash and cash equivalents decreased by \$2 million to \$69 million while investments increased by \$139 million to \$1.958 billion. The increase in investments largely reflects increases in capital reserves as well as liabilities such as capital deposits. These increases continue to reflect growth and the demand for capital infrastructure and services.

FINANCIAL ANALYSIS REVIEW

The City's financial assets increased by \$348 million in 2008, while liabilities increased by \$422 million. The decrease in net financial assets was \$74 million.

OPERATING FUND REVENUES – BUDGET TO ACTUAL COMPARISON

For the year ended December 31 (in thousands of dollars)

	BUDGET 2008	ACTUAL 2008	FAVOURABLE/ (UNFAVOURABLE)
Net taxes available for municipal purposes	\$ 1,154,703	\$ 1,223,187	\$ 68,484
Sales of goods and services	759,668	803,867	44,199
Government transfers			
Federal	4,455	8,202	3,747
Provincial	113,337	111,098	(2,239)
Dividends from ENMAX Corporation	35,000	50,000	15,000
Investment income	45,433	57,873	12,440
Fines and penalties	55,680	56,156	476
Licences, permits and fees	74,487	77,700	3,213
Miscellaneous revenue	9,008	17,093	8,085
	<u>\$ 2,251,771</u>	<u>\$ 2,405,176</u>	<u>\$ 153,405</u>

Total City revenues were greater than budgeted for 2008, mainly as a result of greater than anticipated net municipal taxes (45% of higher revenue) and sales of goods and services.

Net taxes available for municipal purposes was higher than budgeted primarily due to significantly higher local access/franchise fees resulting from higher than projected electricity rates and volumes as well as higher natural gas prices.

Sales of goods and services was higher than budgeted mainly as a result of higher sales growth in public transit, parking, roads materials and services sales to third parties, and other external sales of goods and services such as sales to ENMAX for street light repairs, scrap sales, and sales of inventory items.

Dividends from ENMAX Corporation was higher than budgeted due to higher ENMAX net revenue.

Investment income was higher primarily as a result of higher than budgeted funds available for investments and higher than forecast interest rates in the first half of the year.

Miscellaneous revenue was higher than budgeted due to a variety of items including business tax credits from previous years, deferred and unbudgeted revenues, as well as higher levels of rebates, sponsorships and grants.

**OPERATING FUND EXPENDITURES –
BUDGET TO ACTUAL COMPARISON**

For the year ended December 31 (in thousands of dollars)

	BUDGET 2008	ACTUAL 2008	FAVOURABLE/ (UNFAVOURABLE)
Police	\$ 278,181	\$ 282,006	\$ (3,825)
Fire	161,780	161,328	452
Emergency medical services	52,497	53,033	(536)
Public transit	268,950	279,058	(10,108)
Roads, traffic and parking	162,107	181,479	(19,372)
Water services and resources	139,067	148,638	(9,571)
Waste and recycling services	60,966	58,256	2,710
Community and social development	49,841	50,676	(835)
Social housing	82,962	77,818	5,144
Parks and recreation facilities	136,190	137,994	(1,804)
Societies and related authorities	24,483	26,080	(1,597)
Calgary Public Library	38,448	39,487	(1,039)
General government	192,388	178,471	13,917
Public works	135,605	127,023	8,582
Real estate services	49,890	37,652	12,238
Interest and financing fees	120,772	99,392	21,380
	<u>\$ 1,954,127</u>	<u>\$ 1,938,391</u>	<u>\$ 15,736</u>

Expenditures were slightly lower than budget, primarily in interest and financing fees, general government, real estate services and public works partially offset by higher than budgeted increases in roads, transit, and water services and resources.

Public transit had higher expenditures due to increased overtime, higher fuel price and consumption, higher usage of parts and increased cost of contracted services partially offset by savings in regular salaries and utility costs. The higher expenditures were offset by higher transit revenues.

Roads, traffic and parking includes higher than budgeted expenditures resulting from significantly higher snow fall and spring cleanup costs as well as material plant operations, overlay paving and storm cleanup which were largely offset by increases in external revenue. In addition, increased Calgary Parking Authority activity resulted in higher contractual services, property tax and insurance premiums.

Water services and resources was higher than budgeted due to increased costs for hiring for Pine Creek wastewater treatment plant and higher than anticipated costs for chemicals, fuel, vehicles, utilities and commissioning of Pine Creek plant, partially offset by increased recoveries from capital project work.

General government expenditures includes the costs of Council, City Manager, City Auditor, City Clerk's, Law, Assessment, Customer Service & Communications, Finance & Supply, Human Resources and Information Technology. General government also includes Corporate Costs, such as support for corporate programs such as general revenue, capital financing costs and employee benefits. The lower than budgeted expenditure resulted primarily from a favourable fringe benefit account compared to budget, Workers' Compensation Board rebates, lower sickness and accident coverage use and lower than expected energy volatility contingency requirements. This was offset in part by increased funding for future employee obligations, property tax prior year cancellation expenses and reduced provincial transfer payments as a result of lower than anticipated education tax rates.

Real estate services includes lower than budgeted cost of sales of land which is offset under revenues by lower land sales.

Interest and financing fees were lower than budgeted due to deferred borrowing.

OPERATING FUND REVENUES – COMPARISON TO PRIOR YEAR

For the year ended December 31 (in thousands of dollars)

	ACTUAL 2008	ACTUAL 2007	INCREASE/ (DECREASE)
Net taxes available for municipal purposes	\$ 1,223,187	\$ 1,208,265	\$ 14,922
Sales of goods and services	803,867	740,543	63,324
Government transfers			
Federal	8,202	6,707	1,495
Provincial	111,098	161,990	(50,892)
Dividends from ENMAX Corporation	50,000	50,000	–
Investment income	57,873	56,474	1,399
Fines and penalties	56,156	53,571	2,585
Licences, permits and fees	77,700	74,238	3,462
Miscellaneous revenue	17,093	17,679	(586)
	<u>\$ 2,405,176</u>	<u>\$ 2,369,467</u>	<u>\$ 35,709</u>

The comparisons between current and prior year revenues include property tax base growth and rate increase offset by one-time items in 2007 including reduction of tax loss provisions and additional government transfers from the Province.

Net taxes available for municipal purposes was higher than 2007 by only 1.2% as a result of a property tax rate increase, growth in both property tax and business tax assessment bases, and increased local access fees resulting from higher electricity prices and volumes being offset by a one-time reduction in tax loss provisions in 2007.

Sales of goods and services was higher in 2008 primarily as a result of increases in rates and sales of public transit and water services and resources.

Government transfers – Provincial was lower in 2008 mainly due to one-time affordable housing grants in 2007.

2008 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

OPERATING FUND EXPENDITURES – COMPARISON TO PRIOR YEAR

For the years ended December 31 (in thousands of dollars)

	ACTUAL 2008	ACTUAL 2007	INCREASE/ (DECREASE)
Police	\$ 282,006	\$ 253,872	\$ 28,134
Fire	161,328	150,391	10,937
Emergency medical services	53,033	49,804	3,229
Public transit	279,058	246,317	32,741
Roads, traffic and parking	181,479	154,275	27,204
Water services & resources	148,638	139,490	9,148
Waste and recycling services	58,256	53,180	5,076
Community and social development	50,676	47,713	2,963
Social housing	77,818	53,068	24,750
Parks and recreation facilities	137,994	127,347	10,647
Societies and related authorities	26,080	22,061	4,019
Calgary Public Library	39,487	36,872	2,615
General government	178,471	143,337	35,134
Public works	127,023	119,467	7,556
Real estate services	37,652	49,050	(11,398)
Interest and financing fees	99,392	92,705	6,687
	<u>\$ 1,938,391</u>	<u>\$ 1,738,949</u>	<u>\$ 199,442</u>

Other than general inflation which applies to all items below, most increases from 2007 to 2008 were growth-related in various services including police, fire, public transit, roads, social housing, parks and recreation facilities, and general government. Lower expenditures in real estate services partially offset the increases.

Police expenditures were higher than 2007 from new positions for growth as well as joint force operations and additional positions offset in revenues including provincial funding.

Fire's increase in expenditure in 2008 includes new positions for growth.

Public transit provided additional transit and Access Calgary service in 2008 and had higher expenditures for materials, equipment and supplies due to increases in prices and volume of consumption.

Roads, traffic and parking includes higher expenditures in 2008 for greater than normal snowfalls, overlay paving, storm cleanup and concrete permit repairs as well as higher materials and supplies expenditures due to increases in asphalt prices and overlay paving.

Water services and resources experienced higher costs of fuel, fleet and hired equipment.

Social housing includes higher maintenance expenses due to aging housing portfolios and higher rent supplements.

Parks and recreation facilities includes increased parks seasonal staffing, contractual services and IT charges, and vehicle and equipment charges as well as increased recreation temporary staff partially offset by lower parks material charges.

General government's increase was largely the result of IT application development contract services, additional positions for recruitment, retention and leadership development, and consulting for a new logistics centre.

Real estate services had a lower cost of land sales in 2008 than in 2007.

CAPITAL FUND – BUDGET AND ACTUALS COMPARISON

For the years ended December 31 (in thousands of dollars)

	BUDGET 2008	ACTUAL 2008	ACTUAL 2007
REVENUES			
Government transfers and revenue sharing agreements			
Federal	\$ 74,860	\$ 47,615	\$ 52,638
Provincial	708,486	500,502	261,515
Developer contributions	190,611	124,332	134,618
Miscellaneous revenue	66	533	2,355
	<u>974,023</u>	<u>672,982</u>	<u>451,126</u>
EXPENDITURES	<u>2,212,580</u>	<u>1,350,801</u>	<u>1,025,149</u>
NET EXPENDITURES	<u>(1,238,557)</u>	<u>(677,819)</u>	<u>(574,023)</u>
FINANCING AND TRANSFERS			
Debt Issued	649,933	432,838	429,485
Net interfund transfers			
From reserves fund	586,740	240,824	247,446
From operating fund	1,884	(8,744)	(17,479)
	<u>1,238,557</u>	<u>664,918</u>	<u>659,452</u>
INCREASE/(DECREASE) IN FUND BALANCE	<u>\$ –</u>	<u>\$ (12,901)</u>	<u>\$ 85,429</u>

The City approves budget funds for each capital project based on the maximum forecast expenditure for the year in order to reduce the need to transfer funds between projects during the year and for future years. As a result of project delays, only part of the year-end capital budget is used in the current year. For 2008, the budget usage rate was 61% (2007 – 61%). Actual **Government transfers** and **Developer contributions** usage as well as **Debt issued** were less than budgeted in 2008. Examples of project issues include delays due to construction cost escalation and labour shortages that caused higher-than-budgeted tenders and limited contractor availability, as well as land acquisitions.

Actual revenues only reflect the funding that is spent in the year referred to. Additional funding may be available for future years.

Actual capital expenditures were 32% higher than in 2007 due to an increase in the capital budget for growth-related infrastructure compared to 2007. Schedule 2 (Capital Fund) on page 61 shows the breakdown of expenditures by business type.

SIGNIFICANT TRENDS

OPERATING FUND REVENUES

For the years ended December 31 (in thousands of dollars)

	ACTUAL 2008	ACTUAL 2007	ACTUAL 2006	ACTUAL 2005	ACTUAL 2004
Net taxes available for municipal purposes	\$ 1,223,187	\$ 1,208,265	\$ 1,039,256	\$ 961,048	\$ 887,449
Sales of goods and services	803,867	740,543	706,583	574,465	587,153
Government transfers					
Federal	8,202	6,707	6,936	5,975	4,693
Provincial	111,098	161,990	91,392	86,338	57,520
Dividend from ENMAX Corporation	50,000	50,000	50,000	50,000	50,414
Investment income	57,873	56,474	49,369	37,162	29,829
Fines and penalties	56,156	53,571	53,339	51,273	48,698
Licences, permits and fees	77,700	74,238	64,053	50,015	43,622
Miscellaneous revenue	17,093	17,679	14,100	13,521	15,039
Total operating revenue	\$ 2,405,176	\$ 2,369,467	\$ 2,075,028	\$ 1,829,797	\$ 1,724,417

The comparisons between current and prior year revenues largely reflect rate and growth-related increases.

Net taxes available for municipal purposes generally increases with growth and tax rate increases; however, it includes local access fees that are charged in lieu of taxes to some utilities for using the City rights-of-way, based on the cost of the service and commodity being provided. Fluctuations in commodity prices can affect this revenue. In 2007, a reduction in tax loss provisions reflecting resolution of a number of parking and linear property issues as well as reclassification of a portion of the tax loss provision to a reserve caused a greater than usual increase.

Sales of goods and services has generally increased due to growth and rate increases. However, the decline in commercial real estate sales revenue in 2005 more than offset increases in other areas before increasing in 2006.

Government transfers (Provincial) in 2005 indicates increasing contributions for services including police, ground ambulance and assisted housing. In 2007 there was an additional one-time \$63 million for affordable housing.

Dividend from ENMAX Corporation is a dividend paid to The City, which is determined by ENMAX's board and generally based on a percentage of ENMAX's net income. The amount of dividend depends on ENMAX's profitability.

Investment income has been increasing in recent years as a result of increasing balances in reserves and capital deposits dedicated to specific capital projects.

Licences, permits and fees reflects the increases in building permit revenues driven by Calgary's growth.

2008 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

FINANCIAL POSITION – NET FINANCIAL ASSETS

As at December 31 (in thousands of dollars)

	ACTUAL 2008	ACTUAL 2007	ACTUAL 2006	ACTUAL 2005	ACTUAL 2004
FINANCIAL ASSETS					
Cash and cash equivalents	\$ 68,927	\$ 70,937	\$ 47,908	\$ 40,301	\$ 27,841
Investments	1,958,122	1,818,898	1,523,902	1,235,948	953,594
Receivables	242,048	197,291	185,785	156,108	166,931
Land inventory	245,645	217,532	141,012	127,477	118,962
Other assets	24,381	23,883	22,525	26,215	34,198
Investment in government business enterprises (note 1)	1,599,117	1,461,970	1,386,158	1,306,487	1,238,658
	<u>4,138,240</u>	<u>3,790,511</u>	<u>3,307,290</u>	<u>2,892,536</u>	<u>2,540,184</u>
LIABILITIES					
Bank indebtedness and short-term borrowing	76,371	59,552	46,675	38,862	31,986
Accounts payable and accrued liabilities	505,192	465,098	506,333	377,426	317,912
Deferred revenue	71,105	61,464	48,395	37,898	31,927
Capital deposits	587,088	512,114	430,125	342,138	204,918
Provision for landfill rehabilitation	11,500	10,900	10,400	9,250	8,510
Employee benefit obligations	248,339	231,346	214,711	202,443	185,428
Long-term debt	1,958,818	1,696,323	1,429,244	1,322,301	1,263,728
	<u>3,458,413</u>	<u>3,036,797</u>	<u>2,685,883</u>	<u>2,330,318</u>	<u>2,044,409</u>
NET FINANCIAL ASSETS	<u>\$ 679,827</u>	<u>\$ 753,714</u>	<u>\$ 621,407</u>	<u>\$ 562,218</u>	<u>\$ 495,775</u>

note 1: The Calgary Telus Convention Centre is included from 2005 onward. 2004 is ENMAX only.

The growth in value of The City's net financial assets in the last five years is primarily a reflection of the increasing value of ENMAX Corporation. Increases in gross financial assets beyond the increase due to ENMAX are related to liquid assets that are offset primarily by increasing liabilities governed by agreements with the parties involved, including funds owed for goods and services already received (accounts payable and accrued liabilities), capital deposits that must be spent on specific types of capital projects, and employee benefit obligations. The increases have also been partially offset by growth in long-term debt.

LONG-TERM DEBT

As at December 31 (in thousands of dollars)

	ACTUAL 2008	ACTUAL 2007	ACTUAL 2006	ACTUAL 2005	ACTUAL 2004
Opening Balance	\$ 1,696,323	\$ 1,429,244	\$ 1,322,301	\$ 1,263,728	\$ 1,262,613
Increase (Decrease)					
Tax supported	(22,663)	(15,597)	(45,647)	(42,338)	(1,909)
Self-sufficient tax supported	40,000	—	—	—	—
Self supported	245,158	282,676	152,590	100,911	3,024
Net Increase during the year	262,495	267,079	106,943	58,573	1,115
Closing balance	1,958,818	1,696,323	1,429,244	1,322,301	1,263,728
ENMAX debt in The City's name	438,586	406,968	339,700	219,472	252,275
Total debt attributable to The City	\$ 2,397,404	\$ 2,103,291	\$ 1,768,944	\$ 1,541,773	\$ 1,516,003

In 2009, Standard & Poor's affirmed The City's long-term debt rating at AA+ and commercial paper rating of A-1+ reflecting the city's very strong economic performance and growth prospects; strong budgetary results; steadily increasing cash and investment balances; and the significant and increasing funding support The City receives from other orders of government. Dominion Bond Rating Service Limited (DBRS) also maintained The City's long-term debt notional rating at AA (high) and The City's commercial paper rating at R-1 (high). These excellent independent ratings reflect Calgary's strong and diverse economy, prudent financial policies/practices and approval of three-year business plans and budgets.

Council's capital financing policy allows for increasing the tax-supported debt outstanding as long as annual debt servicing charges do not exceed 10% of the tax-supported gross expenditure (net of recoveries). The policy would allow The City to provide some additional growth-related capital infrastructure if desired, but increasing self-supported debt may be a constraint.

In 2008, \$37.1 million in new tax-supported debt was obtained to finance growth-related projects, which was \$22.7 million less than debt repayments. The City's tax-supported long-term debt was \$487.9 million as at December 31, 2008. The ratio of debt servicing charges to tax-supported gross expenditure (net of recoveries) was 4.5% (Chart A, page 48), which is well within The City's 10% policy limitation. \$350 million of additional tax-supported debt capacity approved by Council in 2002 is fully committed. In 2006, Council approved a further \$150 million for 2007-2008 for self-sufficient tax-supported debt in anticipation of possible funding requirements for new projects such as The Rivers Community Revitalization Plan which borrowed its first \$40 million in 2008. Council approved \$100 million per year for five years for self-sufficient tax-supported debt beginning in 2009.

Also in 2008, \$355.7 million in new self-supported debt was obtained, and new borrowing exceeded debt repayments by \$245.2 million, bringing the total self-supported debt up to \$1.431 billion (excluding \$438.6 million in debt attributable to ENMAX).

Chart B on page 48 shows the cumulative debt for the past 10 years, which highlights the significant growth of self-supported debt in recent years resulting from infrastructure requirements and cost escalation due to international construction materials demand and a tight construction market in Calgary and throughout Alberta.

2008 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

CHART A – DEBT SERVICING AS A PER CENT OF OPERATING EXPENDITURES (NET OF RECOVERIES), TAX-SUPPORTED

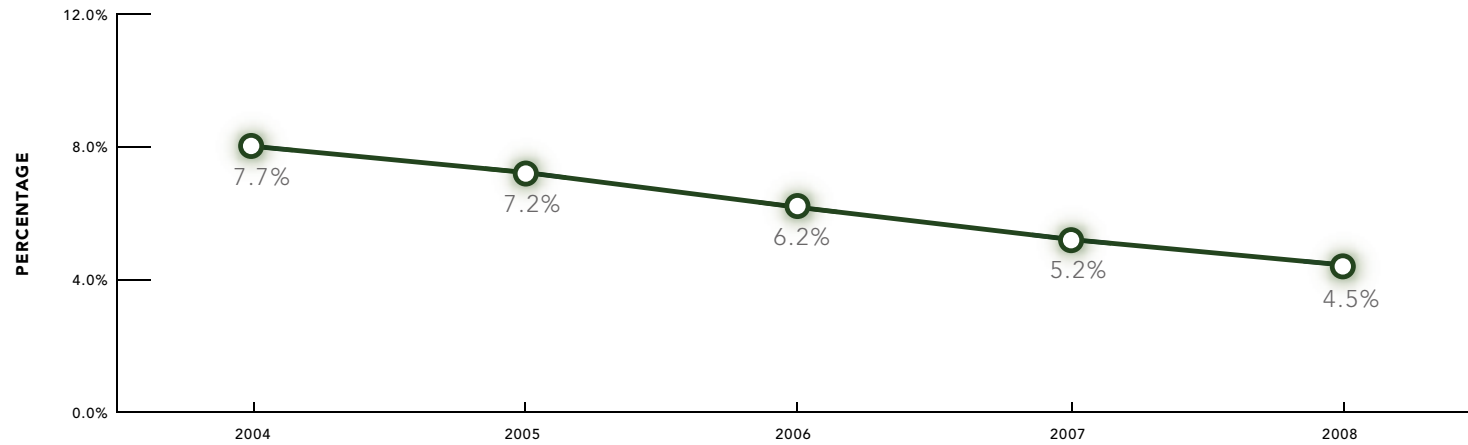


CHART B – OUTSTANDING CAPITAL DEBT



RESERVES

As at December 31 (in thousands of dollars)

	ACTUAL 2008	ACTUAL 2007	ACTUAL 2006	ACTUAL 2005	ACTUAL 2004
	\$ 861,721	\$ 816,143	\$ 614,178	\$ 497,571	\$ 430,128

The reserve balances totaled \$861.7 million at the end of 2008 (2007– \$816.1 million). The net increase was primarily the result of providing additional funds for major capital projects as well as lifecycle maintenance and upgrade, offset by a reduction in corporate housing.

The City allocates funds to reserves to meet specific future operating and capital expenditure requirements and to provide for emergencies. The City's policy is to review the necessity and sufficiency of reserves at least every three years to ensure that required funds are available, outdated reserves are closed and the level of funding is not higher than necessary. City Council's Standing Policy Committee on Finance and Corporate Services completed a review of the ten largest and certain other City financial reserves in 2007.

The largest reserves are the Reserve for Future Capital (2008– \$215.8 million; 2007– \$176.0 million) and the Fiscal Stability Reserve (FSR) (2008 – \$148.1 million; 2007– \$148.1 million) which is a contingency reserve for urgent situations with significant financial implications and is also used to fund one-time operating costs. The next largest is the Debt Servicing Reserve (2008– \$109.3 million; 2007– \$105.7 million). Lifecycle Maintenance and Upgrade Reserve increased by \$25.4 million. Corporate Housing Reserve decreased by \$33.7 million.

OPERATIONAL RISK MANAGEMENT

While The City of Calgary was not significantly affected financially in 2008 by the worldwide economic downturn, it was well aware of risks posed for The City by the credit crisis, declining real estate activity, and the collapse in oil, natural gas and other commodities' prices. In keeping with the Integrated Risk Management Policy, the proposed 2009-2011 Business Plans and Budgets submitted to Council indicated that administration would be carefully monitoring economic conditions and The City's financial status so that Council would be informed promptly of any changes requiring adjustment to business plans and budgets.

The economy's impact on provincial government revenues created uncertainty about capital grants to Calgary for infrastructure construction underway and planned for the near future. Declining economic activity in 2009 will also likely defer property development, which would reduce contributions to development levies and cause the tax base to grow more slowly than projected. Franchise fee revenues would also be affected by less growth in demand and lower energy prices.

Calgary may be buffered from some economic impacts in the short term by its low unemployment rate, growing population and ongoing construction, but it is an integral part of the global economy and will ultimately be affected by the worldwide economic slowdown.

The City is committed to an integrated approach to risk management, where it is viewed as a key component of sound business practice and due diligence. The City Manager is responsible for ensuring compliance with Council's Integrated Risk Management Policy and promoting a proactive, corporate-wide and systematic approach to managing risks that could affect City objectives. As an example, risk management has been embedded into the multi-year business planning process to enhance the level of accountability, transparency and comparability of operations. In addition to the corporate-wide framework, there are specific risk management processes in place that are presented below.

NORMAL OPERATIONAL

In the usual course of business, The City is exposed to various risks that are mitigated through operational and financial controls under the umbrella of corporate integrated risk management. These risks include the normal operational risks associated with each of The City's businesses as well as social, legal and regulatory issues and changes to the economy that could impact City operations, human resource availability and cost in a full-employment environment, and investment risk related to volatile financial markets.

All activities undertaken by The City are covered under the Civic Insurance Program. This program comprises purchased insurance coverage as well as a self-funded component for any losses below the deductible level of a purchased policy. Certain types of risks will be totally self-funded, as the costs to insure these risks are either prohibitive or unnecessary.

A \$7 million reserve is set aside and is utilized to offset any large claim against The City either in excess of a purchased policy limit or a loss that is not covered by any insurance policy.

ENVIRONMENTAL

The City of Calgary employs environmental management professionals to assist business units to achieve and maintain compliance with environmental laws and regulations. Specifically, all City of Calgary business units have implemented Environmental Management Systems (EMS), which have been registered to the ISO 14001 standard across the corporation since 2003, providing a sound model to effectively deal with environmental impacts associated with The City's activities. Calgary is the first city in North America to obtain such corporate ISO registration.

Policies and procedures have been implemented to address environmental concerns on many issues including the purchase, sale and redevelopment of contaminated land. The City has also established an environmental liability assessment program to identify, quantify and manage liability arising from contaminated sites, along with measures to address contamination of City lands by others.

2008 FINANCIAL STATEMENT DISCUSSION AND ANALYSIS

In 2007, Council approved a Brownfield Strategy focusing on redevelopment of City-owned contaminated sites and management of related environmental issues. Also, The City and the Calgary Health Region created the Calgary Region Airshed Zone (CRAZ) to address regional air shed issues, take over management of air monitoring equipment from Alberta Environment and address air quality issues. CRAZ has also adopted the Calgary Region Airshed Zone Strategic Plan 2009-2011 and Action Plan which focuses activities and resources for the next 3 years.

COMMODITY PRICE AND FOREIGN EXCHANGE

To stabilize operating budgets in the face of energy price volatility, The City purchases diesel fuel in the futures market when deemed beneficial and has a long-term fixed-rate contract for electricity. The City has a natural hedge against natural gas price increases because fees for using City rights of way (e.g., for natural gas distribution) are based on the amount billed for those services. The City hedges any foreign currency requirements in excess of \$250,000 Canadian. At December 31, 2008, The City had outstanding Euro currency and U.S. dollar foreign exchanged fixed contract arrangements totaling \$73.9 million Canadian dollars (2007– \$4.3 million) at exchange rates ranging from 1.01 to 1.26 Canadian dollars for U.S. dollar contracts and from 1.51 to 1.55 Canadian dollars for Euro contracts. During the fiscal year ended December 31, 2008, the various arrangements for foreign merchandise purchases cost The City \$44 thousand (2007– \$5.035 million) more than if the arrangements had not been entered into.

ENMAX (THE CITY'S WHOLLY-OWNED SUBSIDIARY)

The City of Calgary Electric System was a department of The City until 1998 when its assets, responsibilities and liabilities were transferred to ENMAX Corporation, a wholly-owned subsidiary of The City. The new structure was deemed necessary to respond to deregulation of the electricity industry in Alberta.

Deregulation resulted in the introduction of commodity price and volume risk, wholesale and retail competition, and political and regulatory risks to ENMAX's business. Additional risks identified by ENMAX and presented in detail in its annual financial report include operational, development, environmental, legal, human resources, financial resources, credit/default, reporting/disclosure, security of operations and strategic risks. ENMAX has an integrated approach to risk management across all ENMAX companies and has implemented an enterprise risk management (ERM) framework. The Risk Management Committee, consisting of ENMAX senior executives, oversees risk management and reports risk exposures to the board of directors.

ENMAX Power Corporation, ENMAX's electricity distribution and transmission (wires) subsidiary, has been regulated by the Alberta Utilities Commission since January 1, 2008 and prior to that by the Alberta Energy and Utilities Board starting in 2004.

ENMAX is a substantial City equity holding. In 2008 The City, as shareholder, endorsed the company's 2009 strategic plan. Approvals for capital projects in excess of \$30 million are sought separately and explicitly from the shareholder. ENMAX provides The City with annual dividends that are determined by board policy and have been \$50 million for each of the last five years.

THE OUTLOOK

Economic activity in both the developed and emerging countries has continued to contract, and these changes have combined to significantly reduce aggregate demand and cause commodity prices to fall below the bottom of last year's forecast range. The steep reduction of oil prices has significant economic and financial implications for resource-based economies such as Alberta's. Forecasts for Calgary in 2009 include overall economic activity declining by 2 percent, reductions in residential and non-residential construction levels, stagnant employment growth, and consumer price inflation dropping to 1.2 percent. The ultimate duration and degree of the downturn is the subject of varying opinions among experts.

Even under recessionary conditions, Calgary's economy with its relatively low unemployment and other advantages will likely continue to attract many people from other locations, offset somewhat by higher housing costs, so annual net migration is forecasted to move from 13,600 to 11,000 over the next five years. Net migration combined with natural increases (births less deaths) is forecasted to increase population by an average 22,000 persons (2.0%) per year.

Through its strategic planning process, Council reviews the impacts of current decisions on future budget prospects and gives the Administration clear direction concerning business plans and budgets through guidelines and approvals. Council approved the 2009-2011 business plans and operating and capital budgets in 2008, subject to adjustments as required by changing economic and operating conditions.

As part of the three-year plan, The City is dealing with a list of Council priorities that includes measures to identify future financial requirements and to make services sustainable, as well as an update to the long-range financial plan covering 2009-2018. Council will be dealing with a number of planning and policy projects in coming years that could affect the long-range projections and related strategies.

Calgary's rapid growth creates a substantial challenge to provide for the maintenance of City assets. Work in 2009 will continue to address the magnitude of required lifecycle maintenance. Despite relatively low unemployment, current economic conditions should reduce the difficulty in recruiting and retaining sufficient staff with required skills. However, The City is critically reviewing many aspects of its expenditures including salary and wage costs while the high degree of economic uncertainty continues.

The City has entered into a 20-year contract for electricity from ENMAX Energy from 2007-2026 that provides 75% green energy with the objective of moving towards 100%. The price of electricity from current projects is fixed for each year of the agreement. In 2009, The City of Calgary will begin providing weekly blue cart recycling service to single-family households up to and including fourplexes, funded through fees charged on utility bills. In the near term, anticipated returns from recycling of materials have changed with the recession, so the situation will continue to be monitored diligently.

The most significant accounting change for municipalities in decades will come into effect in 2009. It will require local governments to recognize tangible capital assets and to amortize (depreciate) them over their expected useful lives in the financial statements. The City began a project in 2006 that will continue into 2009 to implement this change.

The City engages with other orders of government to obtain sustainable funding to provide and maintain the municipal infrastructure necessary to support healthy local, provincial and national economies. The Province of Alberta committed \$3 billion for the multi-year Alberta Municipal Infrastructure Program in its 2005-2006 Budget, of which \$886 million is allocated to Calgary over five years. The Province also included the new 10-year Municipal Sustainability Initiative program in its 2007-2008 budget that will provide municipalities with additional unrestricted funding to deal with infrastructure requirements. The amount provided province-wide will ramp up to the equivalent of the Provincial portion of property taxes (\$1.4 billion) each year, with Calgary receiving \$3.3 billion over the 10-year period. The City will be looking for affirmation of the program in the 2009-2010 provincial budget, including any changes in the terms and conditions of the funding.

The Province has also been providing operating grants that cover a significant portion of ground ambulance service net costs as well as funding for policing and for family and community support services. Responsibility for the ambulance service is expected to be taken over by the provincial health authority on 2009 April 1.

The Government of Canada again included federal fuel tax contributions for municipal infrastructure in its 2008 budget as well as support for environmental initiatives. The City will be encouraging the federal government to follow through on expected increases over the next several years. The weak economy has led to the federal government budgeting for a stimulus program to provide funding for infrastructure.

The City will continue to identify and address Calgary's growth requirements while seeking to obtain the necessary funding to undertake the additional projects required to maintain the social, environmental and economic conditions that Calgarians expect. The Community Revitalization Levy is an example of an approach to obtaining funding that has been approved for a major downtown infrastructure redevelopment project called The Rivers Community Revitalization Plan. The plan was initiated as a self-sufficient tax-supported program in 2007 under the newly formed Calgary Municipal Land Corporation, a controlled corporation of The City that is accountable for development and sale of land transferred from The City. As with other development, economic conditions could affect the implementation schedule.

City Council renewed its policy guidance and priorities in 2008 through strategic planning sessions and guidelines for the new three-year business plans and capital and operating budgets. Administration will use these as a framework to provide recommendations on how best to supply required infrastructure and services for Calgarians within available funding, while maintaining flexibility and monitoring the economy and The City's financial status to ensure early adaptation to economic impacts. The City will continue to make effective and efficient use of experienced and new City staff whose combined knowledge and skill will provide maximum value from the financial resources provided by citizens through Council.

Calgary, Canada

April 16, 2009

Canadian Award for Financial Reporting

Presented to

The City of Calgary
Alberta

For its Annual
Financial Report
for the Year Ended
December 31, 2007

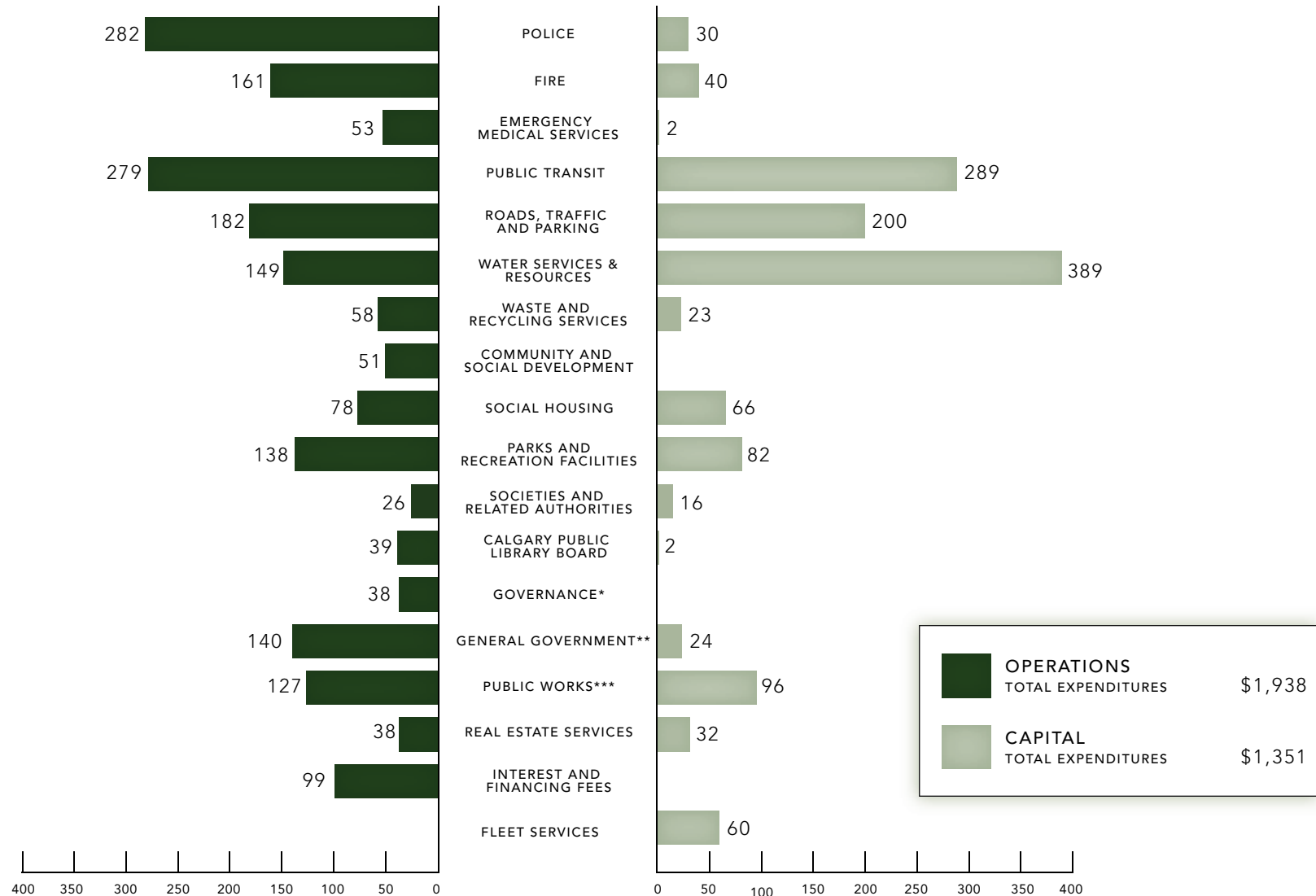
A Canadian Award for Financial Reporting
is presented by the Government of Finance Officers
Association of the United States and Canada
to municipalities whose annual financial reports
achieve the high program standards for Canadian
Government accounting and financial reporting.



Kim L. Rott
President
Jeffrey L. Esser
Executive Director

FINANCIAL SYNOPSIS – 2008 EXPENDITURES

■ FOR THE YEAR ENDED DECEMBER 31 [IN MILLIONS OF DOLLARS]



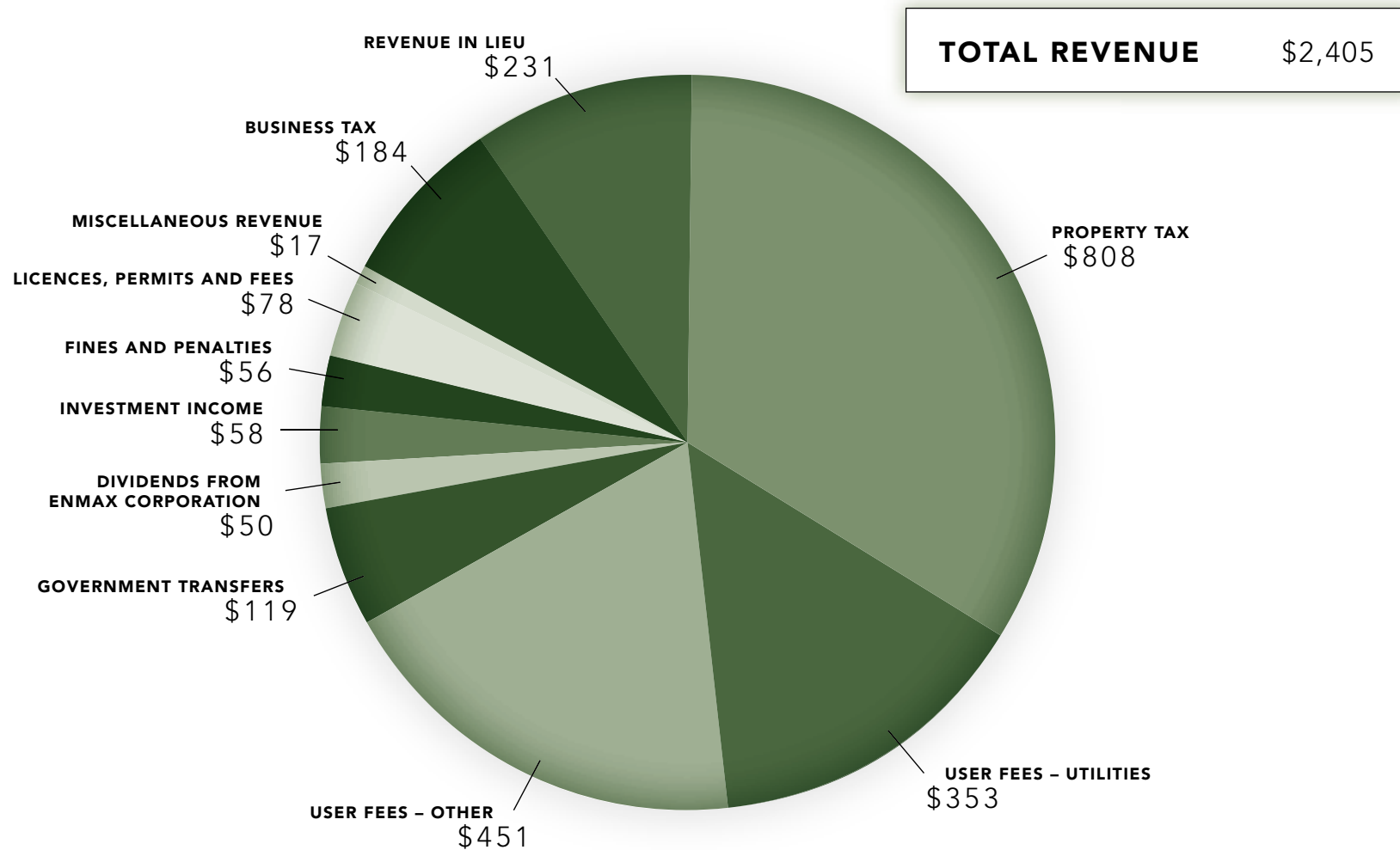
* Includes offices of the Mayor, Aldermen, City Manager, City Audit, City Clerk and Law.

** Includes Assessment Services, Customer Service & Communications, Human Resources, Finance & Supply, Information Technology, and Corporate Costs.

*** Includes Animal and Bylaw Services, Development and Building Approvals (DBA), Land Use Planning and Development, Land Information Mapping, Environmental and Safety Management, Infrastructure Services and facilities.

FINANCIAL SYNOPSIS 2008 SOURCES OF OPERATING REVENUE

■ FOR THE YEAR ENDED DECEMBER 31 [IN MILLIONS OF DOLLARS]





FINANCIAL INFORMATION

RESPONSIBILITY FOR FINANCIAL REPORTING

MANAGEMENT'S REPORT

The integrity, relevance and comparability of the data in the accompanying consolidated financial statements are the responsibility of management.

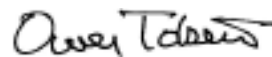
The consolidated financial statements are prepared by management, in accordance with generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants. They necessarily include some amounts that are based on the best estimates and judgments of management. Financial data elsewhere in the report is consistent with that in the consolidated financial statements.

To assist in its responsibility, management maintains accounting, budget and other controls to provide reasonable assurance that transactions are appropriately authorized, that assets are properly accounted for and safeguarded, and that financial records are reliable for preparation of the consolidated financial statements.

The City Auditor's office reports directly to Council, through the Audit Committee, on an ongoing basis, carrying out its audit program to ensure internal controls and their application are reviewed and financial information is tested and independently verified.

City Council fulfils its responsibility for financial reporting through its Standing Policy Committee ("S.P.C.") on Finance and Corporate Services and its Audit Committee. The S.P.C. on Finance and Corporate Services consists of seven aldermen who meet regularly to deal with budget-related matters. The Audit Committee of five alderman and two citizen representatives meets regularly with both the independent external auditors and the City Auditor to review financial control and reporting matters.

Deloitte & Touche LLP, Chartered Accountants, have been appointed by City Council to express an opinion on The City's consolidated financial statements. Their report follows.



Owen Tobert,
City Manager



Chris Good,
Chief Financial Officer



Eric Sawyer,
City Treasurer

Calgary, Canada
April 16, 2009

AUDITORS' REPORT

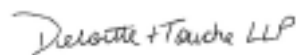
TO HIS WORSHIP MAYOR DAVE BRONCONNIER AND MEMBERS OF CITY COUNCIL, THE CITY OF CALGARY.

We have audited the consolidated statement of financial position of The City of Calgary as at December 31, 2008 and the consolidated statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of The City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of The City of Calgary as at December 31, 2008 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at December 31, 2007 and for the year then ended were audited by other auditors who expressed an opinion without reservation on those statements in their report dated April 17, 2008.



Chartered Accountants

Calgary, Canada

April 3, 2009

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

■ AS AT DECEMBER 31 (IN THOUSANDS OF DOLLARS)

	2008	2007
FINANCIAL ASSETS		
Cash and cash equivalents (Note 2)	\$ 68,927	\$ 70,937
Investments (Note 3)	1,958,122	1,818,898
Receivables (Notes 4 and 6(d))	242,048	197,291
Land inventory	245,645	217,532
Other assets (Note 5)	24,381	23,883
Investment in government business enterprises (Note 6)	1,599,117	1,461,970
	<u>4,138,240</u>	<u>3,790,511</u>
FINANCIAL LIABILITIES		
Bank indebtedness (Note 7)	76,371	59,552
Accounts payable and accrued liabilities (Notes 6(d) and 8)	505,192	465,098
Deferred revenue (Note 9)	71,105	61,464
Capital deposits (Note 10)	587,088	512,114
Provision for landfill rehabilitation (Note 11)	11,500	10,900
Employee benefit obligations (Note 12)	248,339	231,346
Long-term debt (Note 13)	1,958,818	1,696,323
	<u>3,458,413</u>	<u>3,036,797</u>
NET FINANCIAL ASSETS	<u>679,827</u>	<u>753,714</u>
PHYSICAL ASSETS (Note 14)	<u>11,007,582</u>	<u>9,758,389</u>
NET ASSETS	<u>\$ 11,687,409</u>	<u>\$ 10,512,103</u>
MUNICIPAL POSITION		
Operating fund (Schedule 1)	\$ 7,300	\$ 9,407
Capital fund (Schedule 2)	130,822	143,723
Reserves fund (Schedule 3 and Note 15)	861,721	816,143
Equity in government business enterprises (Note 6)	1,599,117	1,461,970
	<u>2,598,960</u>	<u>2,431,243</u>
Obligations to be financed in future years (Note 12)	—	(20,891)
Equity in physical assets	9,088,449	8,101,751
NET MUNICIPAL POSITION	<u>\$ 11,687,409</u>	<u>\$ 10,512,103</u>

Commitments, contingent liabilities and guarantees (Notes 20 and 21)

See accompanying notes to the consolidated financial statements

Approved on behalf of City Council:



Mayor Dave Bronconnier



Alderman Dale Hodges, Chairman, Audit Committee

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES

■ FOR THE YEAR ENDED DECEMBER 31 (IN THOUSANDS OF DOLLARS)

	BUDGET 2008	ACTUAL 2008	ACTUAL 2007
	(unaudited)		
REVENUES			
Net taxes available for municipal purposes (Note 16)	\$ 1,154,703	\$ 1,223,187	\$ 1,208,265
Sales of goods and services	759,668	803,867	740,543
Government transfers and revenue sharing agreements			
Federal	79,315	55,817	59,345
Provincial	821,823	611,600	423,505
Developer contributions	190,611	124,332	134,618
Investment income	45,433	57,873	56,474
Fines and penalties	55,680	56,156	53,571
Licences, permits and fees	74,487	77,700	74,238
Miscellaneous revenue	9,074	17,626	20,034
Equity in earnings of government business enterprises (Note 6)	154,559	180,564	144,299
	3,345,353	3,208,722	2,914,892
EXPENDITURES			
Police	319,399	312,033	272,445
Fire	219,665	201,317	164,218
Emergency medical services	59,714	55,126	53,516
Public transit	644,652	567,501	479,249
Roads, traffic and parking	564,575	381,783	334,324
Water services & resources	689,739	538,001	511,654
Waste and recycling services	118,788	81,240	60,511
Community and social development	49,841	50,676	47,713
Social housing	178,916	143,947	71,836
Parks and recreation facilities	321,140	219,668	198,400
Societies and related authorities	120,209	41,559	32,371
Calgary Public Library Board	40,665	41,704	38,109
General government	252,201	202,228	164,374
Public works	290,229	222,706	151,638
Real estate services	90,330	70,047	57,839
Fleet services	85,872	60,264	33,196
Interest and financing fees	120,772	99,392	92,705
	4,166,707	3,289,192	2,764,098
NET REVENUES (EXPENDITURES)	(821,354)	(80,470)	150,794
FINANCING			
Debt issued	649,933	432,838	429,485
Debt principal repayment	(161,004)	(170,343)	(162,406)
Obligations to be funded in future years	(5,000)	(20,891)	(26,773)
	483,929	241,604	240,306
GOVERNMENT BUSINESS ENTERPRISES – OTHER COMPREHENSIVE INCOME (LOSS) ADJUSTMENT	–	6,583	(18,487)
NET INCREASE (DECREASE) IN FUND BALANCES	(337,425)	167,717	372,613
FUND BALANCES – BEGINNING OF YEAR	2,431,243	2,431,243	2,058,630
FUND BALANCES – END OF YEAR	\$ 2,093,818	\$ 2,598,960	\$ 2,431,243

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

■ FOR THE YEAR ENDED DECEMBER 31 (IN THOUSANDS OF DOLLARS)

	2008	2007
CASH AND CASH EQUIVALENTS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Net revenues	\$ (80,470)	\$ 150,794
Deduct item not affecting cash:		
Equity in earnings of government business enterprises	(180,564)	(144,299)
Change in non-cash items:		
Receivables	(44,757)	(11,506)
Land inventory	(28,113)	(76,520)
Other assets	(498)	(1,358)
Accounts payable and accrued liabilities	40,094	(41,235)
Deferred revenue	9,641	13,069
Capital deposits	74,974	81,989
Provision for landfill rehabilitation	600	500
Employee benefit obligations	16,993	16,635
	(192,100)	(11,931)
INVESTING ACTIVITIES		
Dividends from ENMAX Corporation	50,000	50,000
Increase in investments	(139,224)	(294,996)
	(89,224)	(244,996)
FINANCING ACTIVITIES		
Long-term debt issued	432,838	429,485
Long-term debt repaid	(170,343)	(162,406)
Increase in bank indebtedness	16,819	12,877
	279,314	279,956
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,010)	23,029
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	70,937	47,908
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 68,927	\$ 70,937
See accompanying notes to the consolidated financial statements.		

SCHEDULE 1 – OPERATING FUND

■ FOR THE YEAR ENDED DECEMBER 31 (IN THOUSANDS OF DOLLARS)

	BUDGET 2008	ACTUAL 2008	ACTUAL 2007
	(unaudited)		
REVENUES			
Net taxes available for municipal purposes (Note 16)	\$ 1,154,703	\$ 1,223,187	\$ 1,208,265
Sales of goods and services	759,668	803,867	740,543
Government transfers			
Federal	4,455	8,202	6,707
Provincial	113,337	111,098	161,990
Dividends from ENMAX Corporation (Note 6)	35,000	50,000	50,000
Investment income	45,433	57,873	56,474
Fines and penalties	55,680	56,156	53,571
Licences, permits and fees	74,487	77,700	74,238
Miscellaneous revenue	9,008	17,093	17,679
	<u>2,251,771</u>	<u>2,405,176</u>	<u>2,369,467</u>
EXPENDITURES			
Police	278,181	282,006	253,872
Fire	161,780	161,328	150,391
Emergency medical services	52,497	53,033	49,804
Public transit	268,950	279,058	246,317
Roads, traffic and parking	162,107	181,479	154,275
Water services and resources	139,067	148,638	139,490
Waste and recycling services	60,966	58,256	53,180
Community and social development	49,841	50,676	47,713
Social housing	82,962	77,818	53,068
Parks and recreation facilities	136,190	137,994	127,347
Societies and related authorities	24,483	26,080	22,061
Calgary Public Library Board	38,448	39,487	36,872
General government	192,388	178,471	143,337
Public works	135,605	127,023	119,467
Real estate services	49,890	37,652	49,050
Interest and financing fees	120,772	99,392	92,705
	<u>1,954,127</u>	<u>1,938,391</u>	<u>1,738,949</u>
NET REVENUES	<u>297,644</u>	<u>466,785</u>	<u>630,518</u>
FINANCING AND TRANSFERS			
Debt principal repayment	(161,004)	(170,343)	(162,406)
Net interfund transfers			
to reserves fund	(129,756)	(276,995)	(449,411)
(to) from capital fund	(1,884)	8,744	17,479
Obligations to be funded in future years	(5,000)	(20,891)	(26,773)
	<u>(297,644)</u>	<u>(459,485)</u>	<u>(621,111)</u>
OPERATING FUND SURPLUS	<u>–</u>	<u>7,300</u>	<u>9,407</u>
FUND BALANCE – BEGINNING OF YEAR	<u>9,407</u>	<u>9,407</u>	<u>–</u>
Transfer of prior year's surplus to reserve fund	(9,407)	(9,407)	–
FUND BALANCE – END OF YEAR	<u>\$ –</u>	<u>\$ 7,300</u>	<u>\$ 9,407</u>

See accompanying notes to the consolidated financial statements.

SCHEDULE 2 – CAPITAL FUND

■ FOR THE YEAR ENDED DECEMBER 31 (IN THOUSANDS OF DOLLARS)

	BUDGET 2008	ACTUAL 2008	ACTUAL 2007
	(unaudited)		
REVENUES			
Government transfers and revenue sharing agreements			
Federal	\$ 74,860	\$ 47,615	\$ 52,638
Provincial	708,486	500,502	261,515
Developer contributions	190,611	124,332	134,618
Miscellaneous revenue	66	533	2,355
	974,023	672,982	451,126
EXPENDITURES			
Police	41,218	30,027	18,573
Fire	57,885	39,989	13,827
Emergency medical services	7,217	2,093	3,712
Public transit	375,702	288,443	232,932
Roads, traffic and parking	402,468	200,304	180,049
Water services and resources	550,672	389,363	372,164
Waste and recycling services	57,822	22,984	7,331
Social housing	95,954	66,129	18,768
Parks and recreation facilities	184,950	81,674	71,053
Societies and related authorities	95,726	15,479	10,310
Calgary Public Library Board	2,217	2,217	1,237
General government	59,813	23,757	21,037
Public works	154,624	95,683	32,171
Real estate services	40,440	32,395	8,789
Fleet services	85,872	60,264	33,196
	2,212,580	1,350,801	1,025,149
NET EXPENDITURES	(1,238,557)	(677,819)	(574,023)
FINANCING AND TRANSFERS			
Debt issued	649,933	432,838	429,485
Net interfund transfers			
from reserves fund	586,740	240,824	247,446
from (to) operating fund	1,884	(8,744)	(17,479)
	1,238,557	664,918	659,452
NET INCREASE (DECREASE) IN FUND BALANCE	–	(12,901)	85,429
FUND BALANCE – BEGINNING OF YEAR	143,723	143,723	58,294
FUND BALANCE – END OF YEAR	\$ 143,723	\$ 130,822	\$ 143,723

See accompanying notes to the consolidated financial statements.

SCHEDULE 3 – RESERVES FUND

■ FOR THE YEAR ENDED DECEMBER 31 (IN THOUSANDS OF DOLLARS)

	2008	2007
Transfers (to) from operating fund		
Transfers to operating fund	\$ (110,092)	\$ (90,994)
Transfers from operating fund	387,087	540,405
Net transfer from operating fund	276,995	449,411
Transfers to capital fund	(240,824)	(247,446)
Increase in fund balance	36,171	201,965
FUND BALANCES – BEGINNING OF YEAR	816,143	614,178
Transfer of prior year's surplus from operating fund	9,407	–
FUND BALANCES – END OF YEAR	\$ 861,721	\$ 816,143

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

■ DECEMBER 31, 2008 (IN THOUSANDS OF DOLLARS)

The City of Calgary ("The City") is a municipality in the Province of Alberta incorporated in 1884 as a town and in 1894 as a city and operates under provisions of the *Municipal Government Act*.

1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of The City are prepared by management in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants ("CICA").

A) BASIS OF CONSOLIDATION

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the operating fund, capital fund and reserves fund of The City. Inter-departmental balances and transactions have been eliminated from the consolidated statements.

The consolidated financial statements include all organizations that are accountable for the administration of their financial affairs and resources to The City and are controlled by The City, except for The City's government business enterprises, ENMAX Corporation ("ENMAX") and the Calgary TELUS Convention Centre, which are accounted for on the modified equity basis of accounting.

CONSOLIDATED ENTITIES

The four related authorities included in the consolidated financial statements are Calgary Parking Authority, the Calgary Public Library Board, Calhome Properties Ltd. (operating as Calgary Housing Company) and the Calgary Municipal Land Corporation (Note 17). Transactions and balances between The City and the related authorities have been eliminated.

The City has fiscal relationships with many organizations for which control lies outside of Calgary City Council. These consolidated financial statements include operating and capital requisitions for certain educational, cultural, social and other external organizations, but do not include the financial results of these organizations. Separate financial information may be sought directly from such organizations and registered pension plans, which include the following:

Calgary Board of Education
Calgary Exhibition and Stampede Limited
Calgary HandiBus Association
Calgary Health Region
Calgary Arts Development Authority Ltd.
Calgary Roman Catholic Separate School District No.1
TELUS World of Science & Creative Kids Museum
Calgary Zoological Society
EPCOR Centre for the Performing Arts
Heritage Park Society
Lindsay Park Sports Society
Metropolitan Calgary Foundation
Saddledome Foundation

Registered Pension Plans (Note 12)

Calgary Firefighters' Supplemental Pension Plan
Calgary Police Supplementary Pension Plan
Pension Plan for Elected Officials of The City of Calgary
The City of Calgary Supplementary Pension Plan
Local Authorities Pension Plan
Special Forces Pension Plan

GOVERNMENT BUSINESS ENTERPRISES

ENMAX and Calgary TELUS Convention Centre are government business enterprises, and wholly-owned subsidiaries of The City. These enterprises are accounted for using the modified equity method. Under this method, the business enterprise's accounting principles are not adjusted to conform to those of The City, and inter-organizational transactions are not eliminated (Note 6).

FUNDS HELD IN TRUST

Funds held in trust and their related operations administered by The City for the benefit of external parties are not included in the consolidated financial statements, but are reported separately on the continuity of funds (Note 24).

B) BASIS OF ACCOUNTING

- i) Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.
- ii) Taxation revenues are recorded at the time tax billings are issued. Taxation billings are subject to appeal. A provision has been recorded in accounts payable and accrued liabilities for potential losses on taxation revenue appeals outstanding as of December 31, 2008.
- iii) Government transfers and grants are recognized in the consolidated financial statements as revenues in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.
- iv) Expenditures are recognized in the period goods and services are acquired and a liability is incurred or transfers are due.
- v) Authorized transfers from The City are recorded as expenditures when eligibility criteria have been met by the recipient and the amount can be reasonably estimated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

C) FUND ACCOUNTING

Funds recorded within the consolidated financial statements are described below. Transactions between funds are recorded as inter-fund transfers.

i) Operating Fund

The operating fund reflects the financial activities associated with the provision of general municipal and utility services during the year.

ii) Capital Fund

The capital fund reflects the financial activities associated with the acquisition, construction and funding of capital assets.

iii) Reserves Fund

The reserves fund reflects funds authorized by City Council to be set aside for the funding of future operating or capital expenditures.

D) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on deposit and treasury bills with original maturities of 90 days or less at the date of acquisition and are recorded at cost.

E) INVESTMENTS

Included in investments are temporary investments in money market instruments and portfolio investments such as fixed income bonds. Investments are recorded at the lower of original cost net of amortized discounts and premiums and market value on a portfolio basis.

F) LAND INVENTORY

Land inventory is carried at the lower of cost and net realizable value. Cost includes amounts for land acquisition.

G) BANK INDEBTEDNESS

Bank indebtedness consists of cheques outstanding in excess of deposits with commercial banks and short term borrowing.

H) DEFERRED REVENUE

Deferred revenue represents amounts received from third parties for a specified operating purpose. These amounts are recognized as revenue in the period when the related expenditures are incurred.

I) CAPITAL DEPOSITS

Capital deposits represent amounts received from third parties for specified capital projects. Deposits must be expended on projects for which they are designated, and are recognized as revenue in the capital fund as expenditures are made.

J) PROVISION FOR LANDFILL REHABILITATION

The *Alberta Environmental Protection Act* sets out the regulatory requirements to properly close and maintain all active and inactive landfill sites. Under environmental law, there is a requirement for closure and post-closure care of landfill sites. This requirement is being provided for over the estimated remaining life of the landfill sites based on usage, and is funded through tipping fees. The annual provision is reported as an operating fund expenditure, and the accumulated provision is reported as a liability on the consolidated statement of financial position.

K) EMPLOYEE BENEFIT OBLIGATIONS

i) Contributions to multi-employer plans are expensed when the contributions are due.

ii) The cost of City-sponsored, registered defined-benefit pension plans and non-registered defined-benefit pension plans and post-employment benefits are recognized when earned by plan members. These costs are actuarially determined using the projected benefit method prorated on service and management's best estimate of expected salary and benefit escalation, retirement ages of employees and plan investment performance. Plan obligations are discounted using The City's cost of borrowing using estimated rates for debt with maturities similar to expected benefit payments in the future.

iii) The City records the actuarially determined excess of the accrued benefit obligation over the market value of the plan assets for City-sponsored, registered defined-benefit pension plans. For jointly sponsored plans, The City records its proportionate share of that excess. For non-registered, defined-benefit plans and other retirement benefit obligations, The City records the actuarially determined accrued benefit obligation. The City holds assets within its cash and investments to address these obligations. No obligations are recorded for multi-employer defined-benefit pension plans administered by external parties as The City's share of those obligations is not readily determinable.

iv) Adjustments arising from experience gains and losses are amortized on a straight-line basis over the expected average remaining service period of active employees. Adjustments arising from prior service costs related to plan amendments and changes in the valuation allowance are recognized in the period in which the adjustment occurs.

L) OBLIGATIONS TO BE FUNDED IN FUTURE YEARS

The City has recorded its total estimated employee benefit obligations. In 2007, a portion of that amount was recorded as an obligation to be funded from future years' revenues, as indicated in Note 12. As at December 31, 2008, The City has fully funded these future obligations.

M) PHYSICAL ASSETS

i) Tangible Capital Assets

Capital assets including assets held under capital leases are recorded at cost in the period they are acquired and recorded as an expenditure within the capital fund. Donated assets (related to waterworks and wastewater distribution and collection systems, parks and roads) are capitalized and are recorded at their estimated fair value upon acquisition.

Certain capital assets in water services and resources, real estate services, fleet services, development and building approvals, roads, plants, Calgary Housing Company and the Calgary Parking Authority are depreciated on a straight-line basis over their estimated useful lives as follows:

	YEARS
Buildings	40
Systems and structures	
Waterworks and wastewater distribution and collection systems and treatment plants	50 – 65
Parking structures	33 – 50
Land and lot improvements	5 – 20
Leasehold improvements	Lease term
Machinery and equipment	
Computer equipment	5
Vehicles	3 – 8
Other equipment and machinery	3 – 10
Heavy machinery and plant	10 – 20

ii) Inventories

Inventories comprising materials and supplies are carried at the lower of cost and replacement cost.

iii) Land Held for Municipal Purposes

Land inventory comprising land held for future development is carried at the lower of cost and net realizable value. Cost includes amounts for land acquisition and improvements to prepare the land for sale or servicing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

N) EQUITY IN PHYSICAL ASSETS

Equity in physical assets represents the investment in physical assets after deducting the portion of these assets that have been financed by long-term debt.

O) BUDGET FIGURES (UNAUDITED)

The Council-approved 2008 operating and capital budgets are reflected on the consolidated statement of financial activities for the operating fund and the capital fund, and the consolidated statement of financial activities. The budgets established for the capital fund are on a project-oriented basis, the costs of which may be carried out over one or more years and therefore may not be comparable with the current year actual amounts.

P) ENVIRONMENTAL PROVISIONS

The City has a formal environmental assessment and reclamation program in place to ensure that it complies with environmental legislation. The City provides for the cost of compliance with environmental legislation when costs are identified and can be reasonably measured.

Q) FINANCIAL INSTRUMENTS AND FAIR VALUES

The City is exposed to the risk that arises from fluctuations in interest rates and exchange rates and the degree of volatility of these rates.

The City utilizes derivative financial instruments in order to reduce the impact of fluctuating interest rates on its investment income and fluctuating foreign currency exchange rates on anticipated future expenditures in foreign currencies. Gains (losses) on foreign currency translation are included as revenues (losses). The City's policy is not to utilize derivative financial instruments for trading or speculative purposes.

Based on available market information, the carrying value of The City's financial instruments approximates their fair value due to their short period to maturity, except with respect to investments as indicated in Note 3 and long-term debt, as indicated in Note 13(e).

R) USE OF ESTIMATES

The preparation of consolidated financial statements requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenditures during the reporting period. Where estimation uncertainty exists, the consolidated financial statements have been prepared within reasonable limits of materiality. Actual results could differ from estimates.

S) RECENT ACCOUNTING PRONOUNCEMENTS

i) Segment Disclosures

In April 2006, PSAB added Section PS2700, Segment Disclosures. This section establishes standards on how to provide for meaningful segmented reporting in government financial statements and is applicable to financial statements for fiscal years beginning on or after April 1, 2007.

Segmented information on the Consolidated Financial Activities is presented in Note 19. It is based on capital and operating services for both tax-supported and self-supported operations of The City of Calgary, plus information on The City's related authorities and government business enterprises.

ii) Tangible Capital Assets

In 2007, PSAB approved a recommendation to require local governments to recognize capital expenditures as capital assets and to amortize them over their expected useful life. This recommendation under PSAB Handbook Section 3150 Tangible Capital Assets applies to all local governments for the fiscal years beginning on or after January 1, 2009.

During 2008, The City of Calgary continued to work towards compliance with the new recommendations for accounting for tangible capital assets. The Accounting Guideline 7 (PSG-7) of the PSAB Handbook (effective January 1, 2007) requires the disclosure of tangible capital assets information when a local government has complete information on some of its tangible capital assets categories. As of December 31, 2008, The City's implementation of the PSAB 3150 Tangible Capital Assets was in progress and a full listing and values for any asset categories was not complete. A complete listing of assets and values for land, land improvements, buildings, engineered structures, machinery and equipment, and vehicles is currently underway and expected to be completed prior to December 31, 2009.

2. CASH AND CASH EQUIVALENTS

	2008	2007
Cash on deposit	\$ 56,546	\$ 60,970
Treasury bills with original maturities of 90 days or less	12,381	9,967
	<u>\$ 68,927</u>	<u>\$ 70,937</u>

3. INVESTMENTS

All the investments managed by The City are held in fixed income securities. Investments with a cost of \$1,820 (2007 – \$2,142) are managed by the Parks Foundation, and include equity investments of \$1,261 (2007 – \$1,530). The cost and market value of all investments as at December 31 are as follows:

	2008 COST	2008 MARKET VALUE	2007 COST	2007 MARKET VALUE
Government of Canada bonds	\$ 67,590	\$ 68,923	\$ 120,758	\$ 122,932
Provincial bonds	339,767	340,088	67,786	68,981
Federally regulated banks	209,515	209,384	324,954	322,007
Other Canadian corporations	1,339,989	1,339,534	1,303,870	1,303,696
Equity investments	1,261	1,261	1,530	1,485
	<u>\$ 1,958,122</u>	<u>\$ 1,959,190</u>	<u>\$ 1,818,898</u>	<u>\$ 1,819,101</u>

The average yield earned from investments during the year was 4.0% (2007 – 4.3%). Maturity dates on the investments range from 2009 to 2067. Investments include \$1,477,442 (2007 – \$1,422,346) in an internally managed portfolio comprised of money market instruments maturing within one year.

4. RECEIVABLES

	2008	2007
Taxes	\$ 35,882	\$ 22,115
Federal and Provincial governments	46,508	34,694
General	159,658	140,482
	<u>\$ 242,048</u>	<u>\$ 197,291</u>

5. OTHER ASSETS

	2008	2007
Deferred charges	\$ 2,653	\$ 4,010
Long-term debt recoverable	3,854	5,118
Assets held by other organizations	22	2,848
Long-term receivables	4,702	412
Prepaid expenses	13,150	11,495
	<u>\$ 24,381</u>	<u>\$ 23,883</u>

6. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

- a) ENMAX is a wholly-owned subsidiary of The City and was formed to carry on the electric utility transmission and distribution operations previously carried on by the Calgary Electric System, a former department of The City. ENMAX operates in two segments: ENMAX Power, a regulated, wholly-owned subsidiary established to carry out all electricity distribution and transmission service functions, and ENMAX Energy, an unregulated, wholly-owned subsidiary established to carry out all energy supply and retail functions.

Upon deregulation, effective January 1, 2001, The City approved only those electrical rates determined for the regulated activities of electricity transmission and distribution. Effective January 2004, Alberta Energy and Utilities Board ("AEUB") became the regulator of ENMAX Power, approving the electricity transmission and distribution rates to charge customers within ENMAX's service area.

Debentures in the amount of \$438,586 (2007 – \$406,968) and reported by ENMAX in long-term debt have been issued in the name of The City (Note 13(a)).

- b) The Calgary Convention Centre Authority (the "Authority") is incorporated under the laws of the Province of Alberta and operates the Calgary TELUS Convention Centre pursuant to an operating agreement between the Authority and The City. The land, building, furniture and equipment are owned by The City, which also contributes a grant towards the operating costs of the Centre. In accordance with an amendment to the operating agreement, the Authority retains operating surpluses and is responsible to fund net operating deficits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

c) The following table provides condensed supplementary financial information reported separately by ENMAX and the Calgary TELUS Convention Centre.

	2008	2007
Financial Position		
ENMAX		
Current assets	\$ 725,705	\$ 692,404
Power purchase arrangements	502,436	490,730
Future income taxes	136,265	128,122
Capital assets	2,004,858	1,073,669
Other assets	112,383	71,308
	<u>3,481,647</u>	<u>2,456,233</u>
Current liabilities (including current portion of long-term debt; 2008 – \$44,192, 2007 – \$35,049)	649,283	550,269
Other long-term liabilities	255,461	55,402
Long-term debt	980,405	391,730
	<u>1,885,149</u>	<u>997,401</u>
ENMAX net assets	1,596,498	1,458,832
Accumulated other comprehensive loss	(11,904)	(18,487)
Retained earnings	1,608,402	1,477,319
ENMAX shareholders equity	<u>1,596,498</u>	<u>1,458,832</u>
Calgary TELUS Convention Centre		
Cash and investments	\$ 3,230	\$ 3,889
Other current assets	3,620	4,716
	<u>6,850</u>	<u>8,605</u>
Current liabilities	4,131	5,204
Major replacement reserve	100	263
Calgary TELUS Convention Centre Reserve	2,619	3,138
Investment in government business enterprises	<u>\$ 1,599,117</u>	<u>\$ 1,461,970</u>
	2008	2007
Results of Operations		
ENMAX		
Revenues	\$ 2,669,915	\$ 2,109,743
Operating expenses	2,420,074	1,910,039
Interest charges (net)	36,759	21,352
Earnings before income tax	213,082	178,352
Income tax	32,003	36,516
Non-controlling interest	(4)	(4)
Earnings before dividends paid	181,083	141,840
Dividends paid	(50,000)	(50,000)
Net earnings after dividends paid	131,083	91,840
Other comprehensive income (loss)	6,583	(18,487)
Net assets, beginning of year	1,458,832	1,385,479
Net assets, end of year	<u>1,596,498</u>	<u>1,458,832</u>
Calgary TELUS Convention Centre		
Revenues	\$ 25,861	\$ 28,922
Expenses	26,103	26,283
Contribution to replacement reserve	277	180
Net (loss) profit	(519)	2,459
Operating reserves, beginning of year	3,138	679
Operating reserves, end of year	<u>2,619</u>	<u>3,138</u>
Equity in government business enterprises	<u>\$ 1,599,117</u>	<u>\$ 1,461,970</u>

- d) The following summarizes The City's related-party transactions with its government business enterprises:

	2008	2007
ENMAX		
Received by The City		
Dividends	\$ 50,000	\$ 50,000
Local access fee	125,902	113,565
Sales of services	6,836	4,357
Purchased by The City		
Power and other services	88,558	93,956

The City's accounts payable and accrued liabilities include \$17,242 (2007 – \$14,421) for amounts owed to ENMAX at December 31, 2008. The City's receivables include \$10,685 (2007 – \$10,026) for amounts owing to The City by ENMAX at December 31, 2008. Corresponding related-party differences between the payables and receivables for The City and ENMAX result primarily from timing differences related to recognizing the receipt of payments. Sale of services and purchase of power and other services are transacted at fair market value, which is the amount agreed upon by the parties.

Calgary TELUS Convention Centre

The City provides an annual operating grant to the CTCC in the amount of \$1,550 (2007 – \$1,550). At year-end, The City's accounts payable and accrued liabilities included \$53 (2007 – \$689) for amounts owed to CTCC at December 31, 2008. In the regular course of business, The City conducts a number of transactions with CTCC. These transactions have been conducted in the ordinary course of business and are transacted at exchange amounts.

7. BANK INDEBTEDNESS

The City has the approved authority to issue up to \$100,000 of short-term borrowing, through a combination of a bank line of credit and the issue of commercial paper. An unsecured short-term bank line of credit with a commercial bank is available to The City up to an amount of \$60,000. As at December 31, 2008 The City had a total of \$76,371 (2007 – \$59,552), of bank indebtedness comprised of \$544 (2007 – \$nil) on its line of credit and cheques issued in excess of deposits of \$75,827 (2007 – \$59,552). As at December 31, 2008, the City had not issued any promissory notes.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2008	2007
Trade	\$ 463,679	\$ 423,872
Government	13,191	12,593
Accrued interest	28,322	28,633
	<u>\$ 505,192</u>	<u>\$ 465,098</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. DEFERRED REVENUE

	2008	2007
Advance sales of goods and services	\$ 14,602	\$ 12,451
Licences, permits and application fees	24,528	29,597
Government transfers	27,811	16,862
Other contributions	4,164	2,554
	<u>\$ 71,105</u>	<u>\$ 61,464</u>

10. CAPITAL DEPOSITS

Capital deposits are received for various capital projects from land developers, pursuant to development agreements or the *Municipal Government Act*, and from other governments, through grants and the provincial five cents per litre fuel tax revenue sharing agreement. Certain deposits are allocated investment income, and some may become refundable with interest should they not be fully utilized for the designated capital projects. Current transactions are summarized below:

	2008	2007
Opening balance	\$ 512,114	\$ 430,125
New deposits		
Fuel tax	102,479	101,000
Federal Government	29,838	71,553
Provincial Government	420,404	186,123
Developer contributions	159,760	144,302
Investment income	17,162	19,409
Recognized as revenue in capital fund	(654,669)	(440,398)
Closing Balance	<u>\$ 587,088</u>	<u>\$ 512,114</u>

Developer contributions include \$38,007 (2007 – \$54,474) of donated assets. \$35,259 related to wastewater and water distribution and collection systems and \$2,748 related to roads.

11. PROVISION FOR LANDFILL REHABILITATION

Under environmental law, there is a requirement for closure and post-closure care of landfill sites. Closure and post-closure care includes final covering and landscaping of a landfill, pumping of ground water and leachates from the site and ongoing environmental monitoring, site inspections and maintenance. The estimated total liability of \$41,400 (2007 – \$43,500) for these expenditures represents the sum of the discounted future cash flows for closure and post-closure activities for 40 years after closure. A discount rate of 4% (2007 – 4%) was used.

The calculation of the reported liability of \$11,500 (2007 – \$10,900) is based on the cumulative capacity used at December 31, 2008, compared to the total estimated landfill capacity at that same date. The estimated remaining capacity of the landfill sites is 59.3 (2007 – 60.4) million cubic metres, which is 63% (2007 – 65%) of the sites' total capacity. Based on current disposal practices and projected growth rates, the landfills have an expected remaining life of 37 years (2007 – 27 years).

The City has provided a reserve to fund future landfill capital expenditures, which is funded through tipping fees. In 2008, The City reclassified \$600 (2007 – \$500) from the landfill closure reserve to a liability to account for the provision for site rehabilitation. At December 31, 2008, the balance of the landfill closure reserve was \$10,081 (2007 – \$8,449).

12. EMPLOYEE BENEFIT OBLIGATIONS

Civic employees and elected officials qualify to belong to one or more multi-employer pension plans and defined-benefit pension plans and other retirement benefit plans provided by The City. Employee benefit obligations are liabilities of The City to its employees and retirees for benefits earned but not taken as of December 31.

	2008 OBLIGATIONS TO BE FINANCED IN FUTURE YEARS	2008 OBLIGATIONS PREVIOUSLY FINANCED	2008 TOTAL OBLIGATIONS	2007 OBLIGATIONS TO BE FINANCED IN FUTURE YEARS	2007 OBLIGATIONS PREVIOUSLY FINANCED	2007 TOTAL OBLIGATIONS
a) Registered defined-benefit pension plans	\$ –	\$ 2,351	\$ 2,351	\$ –	\$ 3,502	\$ 3,502
b) Non-registered defined-benefit pension plans	–	11,511	11,511	–	10,217	10,217
c) Other retirement benefits (discounted)	–	95,030	95,030	11,401	78,233	89,634
d) Vacation and overtime (undiscounted)	–	139,447	139,447	9,490	118,503	127,993
	\$ –	\$ 248,339	\$ 248,339	\$ 20,891	\$ 210,455	\$ 231,346

The City has recorded its total estimated employee benefit obligations. In 2007, a portion of that amount was recorded as an obligation to be funded from future years' revenues. As at December 31, 2008, The City has fully funded these future obligations.

A) REGISTERED DEFINED-BENEFIT PENSION PLANS

Certain of the defined-benefit pension plans are registered for Canada Revenue Agency ("CRA") purposes. These plans provide benefits up to limits prescribed by the *Income Tax Act* (Canada). The assets of these plans are held in trust and The City records its obligations under these plans net of plan assets. As required by provincial legislation, actuarial funding valuations are performed at least triennially on the registered plans to determine The City's required contributions to plan trusts.

Actuarial accounting valuations are performed periodically using the projected benefit method prorated on services to determine the accrued benefit obligation and the expense to be recognized in the consolidated financial statements. The most recent actuarial accounting valuation was prepared on December 31, 2008, for each of the registered defined-benefit pension plans. For each plan, the actuarial value of the assets as at December 31, 2008, was determined as the market value of assets as of October 31, 2008, projected forward to December 31, 2008, using expected employer and employee contributions and benefit payments for November and December 2008, and expected interest at an annual rate of 6.50% for the projection period, and adjusted for estimated net receivables/payables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The results of and significant assumptions utilized in the most recent actuarial accounting valuations for registered plans include:

	2008	2007
Fair value of plan assets – beginning of year	\$ 88,189	\$ 85,220
Contributions – employer	5,586	4,593
Contributions – member	1,188	944
Expected interest on plan assets	5,692	5,481
Less benefits paid	(8,014)	(7,319)
Actuarial gain	(19,443)	(730)
Fair value of plan assets – end of year	73,198	88,189
Accrued benefit obligation – beginning of year	103,404	100,089
Current period benefit cost	4,995	4,181
Interest on accrued benefit obligation	4,959	5,031
Less benefits paid	(8,014)	(7,319)
Actuarial loss	12,138	1,422
Accrued benefit obligation – end of year	\$ 117,482	\$ 103,404
Funded status – plan deficit	\$ 44,284	\$ 15,215
Unamortized net actuarial loss	(41,933)	(11,713)
Accrued benefit liability	\$ 2,351	\$ 3,502
Current period benefit cost	\$ 4,995	\$ 4,181
Amortization of actuarial losses	1,361	1,133
Less member contributions	(1,188)	(944)
Benefit expense	5,168	4,370
Interest on accrued benefit obligation	4,959	5,031
Less expected interest on plan assets	(5,692)	(5,481)
Benefit interest income	(733)	(450)
Total expense	\$ 4,435	\$ 3,920
Year-end obligation discount rate	4.75%	4.75%
Inflation rate	2.50%	2.50%
Long-term rate of return on plan assets	6.50%	6.50%
Rate of compensation increase, excluding merit and promotion increases	6.00%	6.00%
Expected average remaining service life – beginning of year	(1)	(1)

(1) Actuarial gains and losses are amortized over the expected average remaining service life ("EARSLS") of the related employee group commencing in the period following the determination of the gain or loss. As at January 1, 2008, the EARSLS is: 14.8 (2007 – 14.8) years for the Calgary Firefighters' Supplementary Pension Plan ("FSPP"), 9.4 (2007 – 9.4) years for the Supplementary Pension Plan ("SPP") and 9.7 (2007 – 9.7) years for the Elected Officials Pension Plan ("EOPP"). Since there are no active members in the Police Supplemental Pension Plan ("PSPP"), actuarial gains and losses under the PSPP are amortized over the average remaining life expectancy of the former employees, which is equal to 10.2 (2007 – 10.2) years as at January 1, 2008.

The following information details the structure, benefits, and required contributions of each of The City's registered defined-benefit pension plans:

i) Calgary Firefighters' Supplementary Pension Plan ("FSPP")

The FSPP commenced on June 3, 1975. The plan is jointly administered by The City and the International Association of Firefighters ("IAFF") Local 255. The plan provides a supplement to the Local Authorities Pension Plan (Note 12 E i)) to provide an annual retirement benefit of 1.4% of pensionable earnings up to the year's maximum pensionable earnings ("YMPE"), 2% of pensionable earnings over YMPE, a bridge benefit of 0.6% of YMPE to age 65, and improved early retirement and death benefits, up to maximum pension limits of the *Income Tax Act* (Canada). In 2008 the FSPP obtained registration under the *Employment Pension Plans Act of Alberta* (EPPA) and as a result is subject to the EPPA minimum funding requirements. The City and the IAFF Local 255 have agreed to share the cost of future service and future additional unfunded liabilities 55% by The City and 45% by the plan members. Due to the joint nature of the plan and the cost-sharing arrangement, the consolidated financial statements of The City reflect The City's portion only of both the expense and the accrued benefit liability for the FSPP. The City and members' contributions and rates are provided in the Note 12 A)v).

At December 31, 2008, The City's portion of plan assets held in trust is invested in a mix of bonds and equities. Plan assets are valued at market value and exclude the amount of the promissory note from The City. The promissory note will be fully repaid in 2009.

The City's cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report dated December 31, 2007.

ii) City of Calgary Supplementary Pension Plan ("SPP")

The SPP commenced on February 1, 2000, and is sponsored and administered by The City. The plan provides a supplement to the Local Authorities Pension Plan (Note 12 E i)) to provide an annual retirement benefit of 2% of earnings, up to maximum pension limits of the *Income Tax Act* (Canada) for years of service since the later of February 1, 2000, and the date of eligibility for membership in the plan, as well as enhanced death benefits. The City and members' contributions and contribution rates are provided in note 12 A) v).

At December 31, 2008, The City's portion of plan assets held in trust is invested in a mix of equities, bonds and money market instruments. Plan assets are valued at market value.

The City's cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report dated December 31, 2007. In 2008, The City made an additional payment to the external trust within the allowable funding requirements of the December 31, 2007, valuation report. The payment increased the plan's funded ratio at December 31, 2007, and as a result, the next actuarial funding valuation required for the plan is at the triennial valuation date of December 31, 2010.

iii) Pension Plan for Elected Officials of The City of Calgary ("EOPP")

The EOPP commenced on October 1, 1989, and provides pension benefits of 2% of taxable salary, up to a maximum pension limit of the *Income Tax Act* (Canada) per year of service to City elected officials who choose to participate. The City and members' contributions and contribution rates are provided in note 12 A) v).

At December 31, 2008, plan assets held in trust are invested in a mix of equities, bonds and money market instruments. Plan assets are valued at market value.

The City's cash contributions to the external trust are made in compliance with the minimum funding requirements pursuant to the most recent actuarial funding valuation report dated December 31, 2006.

In July 2006, as a result of the recommendations from the Council Compensation Committee, the non-taxable portion of Council salaries was removed and the taxable salary was increased in order to compensate for the increased taxes. In addition, the EOPP member contribution rate was changed from 9% to 6% of salary (see Table below). Both of these changes have been incorporated into the Accounting Valuation as at December 31, 2007.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- iv) **Calgary Police Supplementary Pension Plan ("PSPP")**
The PSPP commenced on January 1, 1975, and provides supplemental pension benefits to those police officers who retired prior to September 1, 1979. Police officers who have retired after September 1, 1979, are covered under the Special Forces Pension Plan (Note 12 E) ii).

The PSPP is not subject to provincial minimum funding legislation. Pursuant to the agreement made in 1985, The City will continue to pay benefits out of its investments. In 2007 the fund was exhausted and benefits to pensioners for the year and future years are now being paid from The City's investments. Since 2003, the liabilities associated with these continued benefits have been accounted for under the appropriate GAAP

and PSAB guidelines and sufficient funds are held with The City's investments to cover the liabilities. The liabilities under the PSPP were determined pursuant to the most recent actuarial Accounting Valuation as at December 31, 2008.

- v) **Employer and members' contributions for registered defined-benefit pension plans**
The City and members of the registered defined-benefit pension plans made the following contributions to the respective plans (expressed in dollars and as a percentage of pensionable salaries):

	2008 EMPLOYER	2008 MEMBERS	2007 EMPLOYER	2007 MEMBERS
FSPP (Note 12 a) i))				
Past and current service (\$)	\$ 2,464	\$ 1,893	\$ 2,284	\$ 1,609
Past and current service (as a percentage of pensionable salaries)	3.09%	2.53%	2.43%	1.99%
Special payments	n/a	n/a	n/a	n/a
SPP (Note 12 a) ii))				
Current service (\$)	\$ 1,273	\$ 1,088	\$ 991	\$ 880
Current service (as a percentage of pensionable salaries)	2.33%	2.00%	2.06%	2.00%
Special payments	\$ 1,335	n/a	\$ 40	n/a
EOPP (Note 12 a) iii))				
Current service (\$)	\$ 254	\$ 89	\$ 242	\$ 79
Current service (as a percentage of pensionable salaries)	15.80%	6.00%	15.40%	6.00%
Special payments	n/a	n/a	\$ 988	n/a

B) NON-REGISTERED DEFINED-BENEFIT PENSION PLANS

Certain plans are non-registered for CRA purposes and provide benefits in excess of the limits of the *Income Tax Act* (Canada) supplemental to the registered plans. As such, there is no legislated requirement to obtain actuarial funding valuations and pre-funding these plans through external trusts would have negative tax consequences to The City.

Actuarial accounting valuations are performed periodically using the projected benefit method prorated on services to determine the accrued benefit obligation and the expense to be recognized in the consolidated financial statements. The most recent actuarial accounting valuation was prepared on December 31, 2008, for each of the non-registered defined-benefit pension plans. The results of and significant assumptions utilized in the most recent actuarial accounting valuations for the non-registered pension plans are as follows:

	2008	2007
Accrued benefit obligation – beginning of year	\$ 15,440	\$ 12,762
Current period benefit cost	618	488
Interest on accrued benefit obligation	745	640
Less benefits paid	(754)	(880)
Actuarial loss	281	2,430
Accrued benefit obligation – end of year	\$ 16,330	\$ 15,440
Funded status – plan deficit	\$ 16,330	\$ 15,440
Unamortized net actuarial loss	(4,819)	(5,223)
Accrued benefit liability ⁽¹⁾	\$ 11,511	\$ 10,217
Current period benefit cost	\$ 618	487
Amortization of actuarial losses	685	407
Interest on accrued benefit obligation	745	640
Total expense	\$ 2,048	\$ 1,534
Year-end obligation discount rate	4.75%	4.75%
Inflation rate	2.50%	2.50%
Rate of compensation increase, excluding merit and promotion increases	6.00%	6.00%
Expected average remaining service life – beginning of year	(2)	(2)

⁽¹⁾ Assets in the amount of \$11,511 (2007 – \$10,217) to satisfy the obligations under these plans are held within The City's investments.

⁽²⁾ Actuarial gains and losses are amortized over the expected average remaining service life ("EARSLS") of the related employee group commencing in the period following the determination of the gain or loss. As at January 1, 2008 EARSLS is: 8.6 (2007 – 8.6) years for the City of Calgary Overcap Pension Plan ("OCPP") management employees, 7.9 (2007 – 7.9) years for OCPP Police Chief and deputies, 6.1 (2007 – 6.1) years for OCPP Fire Chief and deputies, 16.8 (2007 – 17.8) years for the Supplementary Pension Plan for Elected Officials of The City of Calgary ("EOSP").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following information details the structure and benefits of each of The City's non-registered defined-benefit pension plans:

- i) **City of Calgary Overcap Pension Plan ("OCPP")**
The OCPP commenced on February 1, 2000. The plan is sponsored and administered by The City and provides supplementary pension benefits for management employees, the Police Chief and deputies, and the Fire Chief and deputies.

The OCPP for management employees provides a co-ordinated benefit with the LAPP (Note 12 E i)), and the SPP (Note 12 A ii)), is to provide an annual retirement benefit of 2% of all pensionable earnings for the years of service since the later of January 1, 1992, and the date of hire with The City.

The OCPP for the Police Chief and deputies and the OCPP for the Fire Chief and deputies provide supplementary pension benefits in excess of the maximum pension benefits provided under the SFPP (Note 12 E ii)) and the FSPP (Note 12 A i)) respectively.

- ii) **Supplementary Pension Plan for Elected Officials of The City of Calgary ("EOSP")**
The EOSP commenced on October 1, 1999. This plan is sponsored and administered by The City and provides a co-ordinated benefit with the EOPP to provide an annual retirement benefit of 2% of all pensionable earnings for the years of service recognized under the EOPP (Note 12 A iii)).

Since the EOSP was designed to provide benefits on the non-taxable portion of Council salaries, the elimination of the non-taxable portion of Council salaries in July 2006 will result in a gradual decrease in the benefit obligations under the EOSP. This decrease will occur with a corresponding increase in benefits under the EOPP due to the increase in taxable earnings. Since the EOSP and EOPP determine benefits using the final 36 months salary, the EOSP will continue to provide benefits to any current Council member who retires or leaves office before October 2009. In addition, the EOSP will continue to provide benefits to existing retirees and eligible Council members in excess of the maximum pension benefits provided under the EOPP (Note 12 A iii)) to Council members as required.

- iii) **Contractual obligations**
The City has entered into individual compensation arrangements with key members of management that provide defined benefits upon retirement. These arrangements are sponsored and administered by The City.

C) OTHER RETIREMENT BENEFITS

The City sponsors extended health, dental and life insurance benefits to qualifying retirees and their surviving spouses from the date of retirement to the age of 65, when coverage under the Alberta Seniors Plan begins. After age 65, the life policy reduces to a paid-up death benefit based on the number of years of contributory service in the group life insurance plan prior to retirement. The City and the retirees share equally in the cost of benefits. Due to the joint nature of the plan and the cost-sharing arrangement, the consolidated financial statements of The City reflect The City's portion only of both the expense and the accrued benefit liability. The City also sponsors a non-contributory retiring allowance of up to seven weeks of salary for qualifying retirees. The cost of these benefits is recognized as an expense as the employees provide service.

Actuarial accounting valuations are performed periodically using the projected benefit method prorated on services to determine the accrued benefit obligation and the expense to be recognized in the consolidated financial statements. The most recent actuarial accounting valuation for other retirement benefits was prepared on December 31, 2008.

The results of and significant assumptions utilized in the most recent actuarial accounting valuations for other retirement benefits include:

	2008	2007
Accrued benefit obligation – beginning of year	\$ 104,652	\$ 106,816
Current period benefit cost	4,898	4,389
Interest on accrued benefit obligation	5,074	5,403
Less benefits paid	(5,470)	(6,283)
Actuarial (gain) loss	10,382	(5,673)
Accrued benefit obligation – end of year	\$ 119,536	\$ 104,652
Funded status – plan deficit	\$ 119,035	\$ 104,652
Unamortized net actuarial loss	(24,005)	(15,018)
Accrued benefit liability ⁽¹⁾	\$ 95,030	\$ 89,634
Current period benefit cost	\$ 4,898	\$ 4,389
Amortization of actuarial loss	1,394	1,886
Interest on accrued benefit obligation	5,074	5,403
Total expense	\$ 11,366	\$ 11,678
Contributions from operations and reserves ⁽²⁾	11,401	13,539
Adjusted expense	\$ 22,767	\$ 25,217
Year-end obligation discount rate	4.75%	4.75%
Rate of compensation increase, excluding merit and promotion increases ⁽³⁾	3.50%	6.00%
Annual increase in extended health care costs ⁽⁴⁾	6.00%	6.00%
Annual increase in dental costs ⁽⁵⁾	6.00%	4.00%
Expected average remaining service life – beginning of year	⁽⁶⁾	⁽⁶⁾

⁽¹⁾ Assets in the amount of \$95,030 (2007 – \$78,233) to satisfy the obligations under these plans are held within The City's investments.

⁽²⁾ The City adopted a plan to address future obligations through annual contributions from operations and reserves over approximately 11 years commencing in 2003. As at December 31, 2008 the City has completed their plan to address these future obligations.

⁽³⁾ 2008: 6.00%, 2009: 6.00%, 2010: 4.50%, 2011: 4.50%, 2012: 4.50%, 2013: 4.50%, 2014: 4.30%, 2015: 4.10%, 2016: 3.90%, 2017: 3.70%; thereafter 3.50% per annum.

⁽⁴⁾ 2008: 9.00%; 2009: 8.00%, 2010: 7.00%; thereafter 6.00% per annum.

⁽⁵⁾ 2008: 8.00%; 2009: 7.00%, thereafter 6.00% per annum.

⁽⁶⁾ Actuarial gains and losses are amortized over the EARS L of the related employee group commencing in the period following the determination of the gain or loss. As at January 1, 2008, the EARS L is 11.0 (2007 – 12.9).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

D) VACATION AND OVERTIME

The vacation and overtime liability comprises the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits (and are vested) or are entitled to these benefits within the next budgetary year. Employees who have deferred vacation or overtime can, under specific circumstances as outlined in administrative policies and/or contractual agreements, be paid out in cash. Contributions from operations and reserves of \$9,490 (2007 – \$12,944) were applied to future obligations. Assets in the amount of \$139,447 (2007 – \$118,503) to satisfy the obligations under these programs are held within The City's investments.

E) MULTI-EMPLOYER PENSION PLANS

Civic employees, with the exception of police officers, are members of the Local Authorities Pension Plan ("LAPP"). Police officers are members of the Special Forces Pension Plan ("SFPP"). Both plans are multi-employer, defined-benefit pension plans and are sponsored by the Alberta Minister of Finance and administered by the Alberta Pension Administration ("APA"). Due to the multi-employer nature of these plans, information is not available to determine the portion of the plans' obligations and assets attributable to each employer. Therefore, The City appropriately accounts for both plans using the method for defined contribution plans. The amount of expense recorded in the consolidated financial statements is equal to The City's contributions to the plan as determined by the APA for the year, and no obligation is recorded in The City's financial statements.

i) Local Authorities Pension Plan ("LAPP")

The LAPP plan provides an annual retirement benefit of 1.4% of earnings up to the year's maximum pensionable earnings ("YMPE") and 2% of earnings over YMPE. Under the *Alberta Public Sector Pension Plans Act*, The City and members of the LAPP plan made the following contributions:

2008 EMPLOYER	2008 MEMBERS	2007 EMPLOYER	2007 MEMBERS
\$59,901	\$55,330	\$54,077	\$47,829
7.75%	6.75%	7.75%	6.75%
of YMPE	of YMPE	of YMPE	of YMPE
and 10.64%	and 9.64%	and 10.64%	and 9.64%
over YMPE	over YMPE	over YMPE	over YMPE

Based on the latest information available (December 31, 2007 audited financial statements), in total the LAPP had a deficiency in the net assets available for benefits of \$1,183,334 (2006 – \$746,651). An actuarial valuation was performed by William M. Mercer Ltd. as at December 31, 2006 and the results were extrapolated to December 31, 2007, The City's portion of which is not readily determinable. There was no change to The City's 2008 and 2007 contribution rates.

ii) Special Forces Pension Plan ("SFPP")

The SFPP provides an annual retirement benefit of 1.4% of pensionable earnings up to YMPE, 2% of pensionable earnings over YMPE, a bridge benefit of 0.6% of YMPE to age 65, and improved early retirement and death benefits, up to maximum pension limits of the *Income Tax Act* (Canada). Under the *Alberta Public Sector Pension Plans Act*, The City and members of the SFPP plan made the following contributions:

2008 EMPLOYER	2008 MEMBERS	2007 EMPLOYER	2007 MEMBERS
\$14,400	\$13,522	\$13,071	\$11,917
11.11% of	10.01% of	11.11% of	10.01% of
pensionable	pensionable	pensionable	pensionable
salaries	salaries	salaries	salaries

Based on the latest information available (December 31, 2007, audited financial statements), in total the SFPP had a deficiency in the net assets available for benefits of (\$78,651), (2006 – surplus of \$33,274). An actuarial valuation was performed by Hewitt & Associates as at December 31, 2006, and the results were extrapolated to December 31, 2007, The City's portion of which is not readily determinable. There was no change to The City's 2008 and 2007 contribution rates.

13. LONG-TERM DEBT

a) Debt payable by and issued in the name of The City includes the following amounts:

	2008 TAX SUPPORTED	2008 SELF SUFFICIENT TAX SUPPORTED	2008 SELF SUPPORTED	2008 TOTAL	2007 TAX SUPPORTED	2007 SELF SUPPORTED	2007 TOTAL
i) Debentures	\$ 486,890	\$ 40,000	\$ 1,745,425	\$ 2,272,315	\$ 509,526	\$ 1,472,035	\$ 1,981,561
ii) Mortgages and other debt	–	–	124,105	124,105	–	120,719	120,719
iii) Capital leases	984	–	–	984	1,011	–	1,011
	487,874	40,000	1,869,530	2,397,404	510,537	1,592,754	2,103,291
Less							
iv) Debt attributable to ENMAX	–	–	438,586	438,586	–	406,968	406,968
	\$ 487,874	\$ 40,000	\$ 1,430,944	\$ 1,958,818	\$ 510,537	\$ 1,185,786	\$ 1,696,323

i) Debentures, which are predominantly held by the Alberta Capital Finance Authority, mature in annual amounts to the year 2033.

Self-sufficient tax-supported debt comprises debt for programs and activities whose operating costs, including debt servicing, have historically been funded in whole or in part, directly or indirectly, by revenue from municipal property and business taxes, but that are currently being funded by revenues resulting from their own operations.

Self-supported debt includes debentures in the amount of \$58,091 (2007 – \$57,756) which have been issued to fund local improvements and are collectable from property owners for work authorized by them and performed by The City. Principal and interest on local improvement debentures are recovered from property owners through annual local improvement levies over the term of the debenture to a maximum of 25 years.

ii) Mortgages and other debt, which are predominantly held by Canada Mortgage and Housing Corporation, mature in annual amounts to the year 2030. Capital assets with a cost of \$136,155 (2007 – \$130,699) are pledged as collateral against the mortgages.

iii) Capital leases for computer equipment mature between 2009-2011. The future minimum payments totalling \$1,030 (2007 – \$1,088) over the next three years include interest of \$47 (2007 – \$76) at a weighted average rate of 5.60% (2007 – 6.02%).

iv) Debenture debt attributable to ENMAX was initially issued by The City on behalf of the Calgary Electric System (“CE”) pursuant to City Bylaw authorizations prior to January 1, 1998. Pursuant to the Master Agreement between ENMAX and The City, a liability equivalent to the debentures attributable to ENMAX was included in the assumed liabilities upon transfer of substantially all of the assets and liabilities of CE from The City to ENMAX at January 1, 1998. In accordance with a Debt Management Service Level Agreement between The City and ENMAX, The City shall continue to service the existing debentures through the disbursement of principal and interest payments. The City also continues to be liable for the outstanding ENMAX debenture debt to the debenture debt holders. ENMAX is required to reimburse The City for all principal and interest payments with respect to the debentures on the same day as The City disburses the payments to the debt holders. In addition, ENMAX is required to pay to The City a loan guarantee and administration fee of 0.25% on the average monthly outstanding debenture balance held by The City on behalf of ENMAX.

v) More detail on the tax-supported, self-sufficient tax supported and self-supported debt payable can be found in the continuity of long-term debt within the unaudited financial and statistical schedules in the annual report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- b) Long-term debt is repayable as follows:

	TAX SUPPORTED	SELF SUFFICIENT TAX SUPPORTED	SELF SUPPORTED	LESS: DEBT ATTRIBUTABLE TO ENMAX	TOTAL
2009	\$ 68,688	\$ –	\$ 157,147	\$ 36,510	\$ 189,325
2010	55,408	–	138,253	34,843	158,818
2011	46,451	–	136,585	33,589	149,447
2012	48,764	–	136,824	31,926	153,662
2013	44,147	–	116,664	30,263	130,548
Thereafter	224,416	40,000	1,184,057	271,455	1,177,018
	<u>\$ 487,874</u>	<u>\$ 40,000</u>	<u>\$ 1,869,530</u>	<u>\$ 438,586</u>	<u>\$ 1,958,818</u>

- c) Debenture interest is payable, before provincial subsidy, at rates ranging from 3.098% to 12% (2007 – 3.098% to 12%) per annum. The Government of Alberta, under its Municipal Debenture Interest Rebate Program, provides rebates to reduce the effective interest paid to levels that ranged from 8% to 11% on most debentures issued between 1974 and 1986. Debenture debt held at year-end has an average rate of interest of 5.42% (2007- 5.72%) before provincial subsidy and 5.34% (2007 – 5.60%) after provincial subsidy.

The mortgages of Calgary Housing Company in the amount of \$49,286 (2007 – \$53,785) are payable with interest ranging from 2.86% to 6.45% (2007 – 3.59% to 6.45%) before interest rate subsidy. The effective interest rate after the subsidy for the fixed-subsidy projects is 2.0% (2007 – 2.0%).

- d) Interest charges are as follows:

	2008 TAX SUPPORTED	2008 SELF SUFFICIENT TAX SUPPORTED	2008 SELF SUPPORTED	2007 TAX SUPPORTED	2007 SELF SUPPORTED
Debenture interest	\$ 29,506	\$ 1,069	\$ 64,526	\$ 35,583	\$ 53,765
Other interest and charges	1,799	–	2,492	3,357	–
	<u>\$ 31,305</u>	<u>\$ 1,069</u>	<u>\$ 67,018</u>	<u>\$ 38,940</u>	<u>\$ 53,765</u>

- e) The estimated fair value of The City's long-term debt is \$2,009,056 (2007 – \$1,665,658). Calculation of the estimated fair value of the debt is based on lending rates obtainable at December 31, for debentures with comparable maturities from The City's primary lender, the Alberta Capital Finance Authority.

- f) Section 271 of the *Municipal Government Act* requires disclosure of debt, debt limits and the debt service limits, which include both interest and principal payments. The debt limit is calculated at two times revenue (as defined in the Debt Limit Regulation 255/2000), and the debt service limit is calculated at 0.35 times such revenue. Incurring debt beyond these limits requires approval by the Minister of Municipal Affairs. These thresholds are conservative guidelines used by Municipal Affairs to identify municipalities which could be at financial risk if further debt is incurred. The calculation, taken alone, does not represent the financial stability of the municipality as the financial statements must be interpreted as a whole.

	2008	2007
Total debt limit (two times revenue)	\$ 4,803,653	\$ 4,731,414
Total debt (short- and long-term)	2,014,015	1,753,390
Percentage of debt to debt limit	41.93%	37.06%
Total debt service limit (35% of revenue)	\$ 840,639	\$ 827,997
Total debt service	292,070	271,854
Percentage of debt service to service limit	34.74%	32.83%

14. PHYSICAL ASSETS

	2008 COST	2008 ACCUMULATED DEPRECIATION	2008 NET BOOK VALUE	2007 COST	2007 NET BOOK VALUE
Land	\$ 696,319	\$ –	\$ 696,319	\$ 665,908	\$ 665,908
Buildings	1,544,277	3,752	1,540,525	1,371,846	1,369,775
Systems and structures	6,558,494	841,013	5,717,481	5,890,809	5,097,403
Machinery and equipment	1,575,091	215,471	1,359,620	1,407,130	1,198,624
	10,374,181	1,060,236	9,313,945	9,335,693	8,331,710
Work in Progress					
Land	200,651	–	200,651	160,471	160,471
Construction	1,348,119	–	1,348,119	1,128,686	1,128,686
Tangible capital assets	\$ 11,922,951	\$ 1,060,236	10,862,715	\$ 10,624,850	9,620,867
Land held for municipal purposes			99,571		98,022
Inventories of material and supplies			45,296		39,500
			<u>\$ 11,007,582</u>		<u>\$ 9,758,389</u>

Depreciation of assets in self-supporting operations in the amount of \$74,053 (2007 – \$59,777) has been recorded in the accounts of the operating fund, and depreciation related to donated assets in the amount of \$16,119 (2007 – \$15,492) has been recorded as a reduction to equity in physical assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. RESERVES

Reserves consist of operating and capital reserves and the operating surpluses of municipal enterprises and related authorities. Individual reserves with significant balances include:

	2008	2007
Fiscal stability	\$ 148,084	\$ 148,125
Reserve for future capital	215,767	176,038
Debt servicing	109,310	105,739
Legacy parks	53,117	53,112
Corporate housing reserve	33,638	67,316
Community investment	39,776	34,789
Development and building approvals ("DBA") sustainment	39,725	38,999
Reserve for tax loss provision	27,000	27,000
Landfill revenue	3,132	4,069
Lifecycle maintenance and upgrade	48,762	23,393
Calgary Housing Company	7,799	7,594
	<u>726,110</u>	<u>686,174</u>

Other reserve balances will be utilized in future years for the following types of expenditures:

Wastewater treatment and disposal and water supply	15,011	22,301
Social programs	7,922	7,551
Police services (capital)	9,261	9,793
Environmental control	19,091	15,048
Other operating	36,505	35,398
Other capital expenditures	47,821	39,878
	<u>135,611</u>	<u>129,969</u>
	<u>\$ 861,721</u>	<u>\$ 816,143</u>

16. NET TAXES AVAILABLE FOR MUNICIPAL PURPOSES

	2008	2007
Property taxes	\$ 1,343,143	\$ 1,292,531
Community Revitalization Levy	5,018	–
Business taxes	183,522	198,195
Revenue in lieu of taxes	230,284	207,787
Local improvement levies and special taxes	9,778	9,680
	<u>1,771,745</u>	<u>1,708,193</u>
Less: Provincial property taxes (see below)		
Current year levy	(542,276)	(497,696)
Prior year levy	(6,282)	(2,232)
Net taxes available for municipal use	<u>\$ 1,223,187</u>	<u>\$ 1,208,265</u>

82 The City is required to collect provincial property taxes under Section 353 of the *Municipal Government Act*. The amount of these provincial property taxes is determined solely by the Government of Alberta. Provincial property taxes are recorded at the amounts levied. If property taxes are reduced due to an assessment reduction, The City is required by legislation to fund the repayment of both the municipal and provincial taxes with applicable interest. An amount of provincial property taxes receivable of \$7,614 (2007 – \$5,832) has been recorded at December 31 within accounts receivable that will be funded through an increase in the subsequent year's provincial property tax rate.

17. RELATED AUTHORITIES

The assets and liabilities and the operations of the following related authorities are included in The City's consolidated financial statements.

The Calgary Parking Authority operates and manages parking facilities owned by The City and is also responsible for parking enforcement and the management of the Municipal Vehicle Impound Lot.

The Calgary Public Library Board is constituted under the *Libraries Act* of the Province of Alberta. It operates a system of 16 branches and the central library in Calgary.

Calhome Properties Ltd. (operating as Calgary Housing Company) owns, develops and operates low-end market and below-market rent housing projects on a not-for-profit basis under agreements with the Province of Alberta and Canada Mortgage and Housing Corporation, which provide subsidies for certain projects.

Calgary Municipal Land Corporation ("CMLC") is a controlled corporation of The City pursuant to Section 73 of the *Municipal Government Act*, and the Control of Corporations Regulation. CMLC began operations in 2007, with The City as the sole shareholder of CMLC. CMLC is accountable for the development and sale of land transferred from The City and the implementation of public infrastructure improvements in The Rivers, a former industrial and residential area located in downtown Calgary.

	2008 CALGARY PARKING AUTHORITY	2008 CALGARY PUBLIC LIBRARY BOARD	2008 CALGARY HOUSING COMPANY	2008 CALGARY MUNICIPAL LAND CORPORATION	2007 CALGARY PARKING AUTHORITY	2007 CALGARY PUBLIC LIBRARY BOARD	2007 CALGARY HOUSING COMPANY	2007 CALGARY MUNICIPAL LAND CORPORATION
Financial Position								
Physical assets	\$ 130,307	\$ 60,987	\$ 118,357	\$ 32,151	\$ 125,420	\$ 59,111	\$ 112,297	\$ 1,267
Financial assets	3,559	16,293	41,895	33,021	4,168	15,036	49,358	12,941
	133,866	77,280	160,252	65,172	129,588	74,147	161,655	14,208
Long-term debt	11,561	5,977	49,286	40,000	12,819	7,786	53,785	-
Financial liabilities	9,207	2,214	36,144	23,893	8,073	1,548	46,691	14,767
	20,768	8,191	85,430	63,893	20,892	9,334	100,476	14,767
Net Assets	\$ 113,098	\$ 69,089	\$ 74,822	\$ 1,279	\$ 108,696	\$ 64,813	\$ 61,179	\$ (559)
Results of Operations								
Total revenue	\$ 65,947	\$ 42,029	\$ 94,204	\$ 5,530	\$ 61,328	\$ 41,564	\$ 65,270	\$ 54
Total expenditure	33,534	39,932	85,967	3,707	29,542	36,872	59,126	609
Income before appropriations	32,413	2,097	8,237	1,823	31,786	4,692	6,144	(555)
Internal transfers	(15,627)	(2,097)	(8,237)	(1,823)	(13,859)	(4,692)	(6,144)	555
To City operating fund ⁽¹⁾	16,786	-	-	-	17,927	-	-	-
Change in fund balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

⁽¹⁾ Distribution to The City for certain net surpluses from Calgary Parking Authority operations.

18. OPERATING EXPENDITURES BY OBJECT

	2008	2007
Salaries, wages and benefits	\$ 1,202,562	\$ 1,080,709
Contracted and general services	213,096	196,392
Materials, equipment and supplies	278,007	220,715
Interest charges	99,392	92,705
Transfer payments	85,985	94,677
Utilities	59,349	53,751
	\$ 1,938,391	\$ 1,738,949

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19. SEGMENTED INFORMATION

SCHEDULE OF FINANCIAL ACTIVITIES BY SEGMENT

For the Year Ended December 31, 2008 (in thousands of dollars)

	TAX SUPPORTED OPERATING	SELF SUPPORTED OPERATING	TAX SUPPORTED CAPITAL	SELF SUPPORTED CAPITAL	TOTAL THE CITY OF OF CALGARY	CALGARY PARKING AUTHORITY
Revenues						
Property Tax	\$ 1,077,192	\$ -	\$ -	\$ -	\$ 1,077,192	\$ -
Business Tax	183,522	-	-	-	183,522	-
Sales of Goods & Services	357,541	357,451	-	-	714,992	53,142
Government transfers, agreements & subsidies						
Federal	6,088	-	45,422	41	51,551	-
Provincial	74,068	657	491,673	8,830	575,228	-
Developers contributions	-	-	62,499	56,379	118,878	-
Investment income	54,890	1,707	-	-	56,597	1,981
Fines & penalties	42,206	1,459	-	-	43,665	10,516
Licences, permits & fees	74,180	1,469	-	-	75,649	431
Miscellaneous Revenue	17,057	1,596	164	-	18,817	49
Dividends from ENMAX Corporation	50,000	-	-	-	50,000	-
Equity in earnings from GBE	-	-	-	-	-	-
Intercompany transfers & recoveries	49,627	-	-	-	49,627	-
Contribution from reserves	110,242	-	184,393	41,910	336,545	-
Total Revenue	2,096,613	364,339	784,151	107,160	3,352,263	66,119
Expenditures						
Police	293,455	-	30,027	-	323,482	-
Fire	161,798	-	39,989	-	201,787	-
Emergency medical services	54,678	-	1,842	-	56,520	-
Public transit	280,265	-	288,433	-	568,698	-
Roads, traffic & parking	161,242	-	189,119	-	350,361	51,843
Water services & resources	-	364,339	-	355,700	720,039	-
Waste & recycling	81,268	-	22,984	-	104,252	-
Community & social development	52,574	-	-	-	52,574	-
Social housing	21,354	-	60,297	-	81,651	-
Parks & recreational facilities	149,052	-	80,973	-	230,025	-
Societies & related authorities	62,524	-	15,069	-	77,593	-
Calgary Public Library Board	-	-	-	-	-	-
General Government	566,816	-	23,756	-	590,572	-
Public works	137,676	-	85,468	-	223,144	-
Real estate services	68,693	-	57,064	-	125,757	-
Fleet services	(2,082)	-	60,263	-	58,181	-
Interest & financing fees	-	-	-	-	-	-
Total Expenditures	2,089,313	364,339	955,284	355,700	3,764,636	51,843
Excess (deficiency) of revenues over expenditures	\$ 7,300	-	(171,133)	(248,540)	(412,373)	14,276

Notes: Expenditures include inter-departmental charges and recoveries, debt principal and interest repayments and transfers to reserves

CALGARY PUBLIC LIBRARY BOARD	CALGARY HOUSING COMPANY	CALGARY MUNICIPAL LAND CORPORATION	GOVERNMENT BUSINESS ENTERPRISES (GBE)	CONSOLIDATION ADJUSTMENTS	TOTAL CONSOLIDATED 2008
\$ -	\$ -	\$ 5,018	\$ -	\$ (42,545)	\$ 1,039,665
-	-	-	-	-	183,522
13	41,057	-	-	(5,337)	803,867
2,151	2,186	-	-	(71)	55,817
4,331	50,910	-	-	(18,869)	611,600
-	5,454	-	-	-	124,332
633	51	433	-	(1,822)	57,873
1,975	-	-	-	-	56,156
1,620	-	-	-	-	77,700
876	-	80	-	(2,196)	17,626
-	-	-	-	-	50,000
-	-	-	130,564	-	130,564
32,948	-	-	-	(82,575)	-
2,100	-	-	-	(338,645)	-
46,647	99,658	5,531	130,564	(492,060)	3,208,722
-	-	-	-	(11,449)	312,033
-	-	-	-	(470)	201,317
-	-	-	-	(1,394)	55,126
-	-	-	-	(1,197)	567,501
-	-	-	-	(20,421)	381,783
-	-	-	-	(182,038)	538,001
-	-	-	-	(23,012)	81,240
-	-	-	-	(1,898)	50,676
-	100,319	-	-	(38,023)	143,947
-	-	-	-	(10,357)	219,668
-	-	-	-	(36,034)	41,559
44,944	-	-	-	(3,240)	41,704
-	-	-	-	(388,344)	202,228
-	-	-	-	(438)	222,706
-	-	34,625	-	(90,335)	70,047
-	-	-	-	2,083	60,264
-	-	-	-	99,392	99,392
44,944	100,319	34,625	-	(707,175)	3,289,192
1,703	(661)	(29,094)	130,564	215,115	(80,470)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SCHEDULE OF FINANCIAL ACTIVITIES BY SEGMENT

For the Year Ended December 31, 2007 (in thousands of dollars)

	TAX SUPPORTED OPERATING	SELF SUPPORTED OPERATING	TAX SUPPORTED CAPITAL	SELF SUPPORTED CAPITAL	TOTAL THE CITY OF OF CALGARY	CALGARY PARKING AUTHORITY
Revenues						
Property Tax	\$ 1,045,771	\$ -	\$ -	\$ -	\$ 1,045,771	\$ -
Business Tax	198,195	-	-	-	198,195	-
Sales of Goods & Services	324,055	334,253	-	-	658,308	49,166
Government transfers, agreements & subsidies						
Federal	3,222	3	51,977	661	55,863	-
Provincial	129,943	2,364	259,156	2,359	393,822	-
Developers contributions	-	-	62,579	59,641	122,220	4,041
Investment income	53,365	1,440	-	-	54,805	1,766
Fines & penalties	40,661	1,252	-	-	41,913	9,937
Licences, permits & fees	70,856	1,333	-	-	72,189	423
Miscellaneous Revenue	16,560	1,288	2,355	-	20,203	-
Dividends from ENMAX Corporation	50,000	-	-	-	50,000	-
Equity in earnings from GBE	-	-	-	-	-	-
Intercompany transfers & recoveries	62,464	-	-	-	62,464	-
Contribution from reserves	90,993	-	199,372	52,657	343,022	-
Total Revenue	2,086,085	341,933	575,439	115,318	3,118,775	65,333
Expenditures						
Police	265,996	-	21,626	-	287,622	-
Fire	150,771	-	13,827	-	164,598	-
Emergency medical services	51,059	-	3,712	-	54,771	-
Public transit	249,704	-	232,932	-	482,636	-
Roads, traffic & parking	137,593	-	162,850	-	300,443	51,102
Water services & resources	-	341,933	-	326,242	668,175	-
Waste & recycling	74,346	-	7,331	-	81,677	-
Community & social development	48,715	-	-	-	48,715	-
Social housing	78,566	-	14,955	-	93,521	-
Parks & recreational facilities	133,587	-	65,252	-	198,839	-
Societies & related authorities	58,676	-	10,158	-	68,834	-
Calgary Public Library Board	-	-	-	-	-	-
General Government	623,683	-	21,037	-	644,720	-
Public works	142,040	-	28,161	-	170,201	-
Real estate services	64,038	-	98,926	-	162,964	-
Fleet services	(2,096)	-	33,196	-	31,100	-
Interest & financing fees	-	-	-	-	-	-
Total Expenditures	2,076,678	341,933	713,963	326,242	3,458,816	51,102
Excess (deficiency) of revenues over expenditures	\$ 9,407	-	(138,524)	(210,924)	(340,041)	14,231

Notes: Expenditures include inter-departmental charges and recoveries, debt principal and interest repayments and transfers to reserves

CALGARY PUBLIC LIBRARY BOARD	CALGARY HOUSING COMPANY	CALGARY MUNICIPAL LAND CORPORATION	GOVERNMENT BUSINESS ENTERPRISES (GBE)	CONSOLIDATION ADJUSTMENTS	TOTAL CONSOLIDATED 2008
\$ -	\$ -	\$ -	\$ -	\$ (35,701)	\$ 1,010,070
-	-	-	-	-	198,195
-	38,720	-	-	(5,651)	740,543
-	3,482	-	-	-	59,345
6,813	22,938	-	-	(68)	423,505
-	8,357	-	-	-	134,618
289	130	54	-	(570)	56,474
1,722	-	-	-	(1)	53,571
1,625	-	-	-	1	74,238
682	-	-	-	(851)	20,034
-	-	-	-	-	50,000
-	-	-	94,299	-	94,299
30,434	-	-	-	(92,898)	-
-	-	-	-	(343,022)	-
41,565	73,627	54	94,299	(478,761)	2,914,892
-	-	-	-	(15,177)	272,445
-	-	-	-	(380)	164,218
-	-	-	-	(1,255)	53,516
-	-	-	-	(3,387)	479,249
-	-	-	-	(17,221)	334,324
-	-	-	-	(156,521)	511,654
-	-	-	-	(21,166)	60,511
-	-	-	-	(1,002)	47,713
-	62,910	-	-	(84,595)	71,836
-	-	-	-	(439)	198,400
-	-	-	-	(36,463)	32,371
39,873	-	-	-	(1,764)	38,109
-	-	-	-	(480,346)	164,374
-	-	-	-	(18,563)	151,638
-	-	1,879	-	(107,004)	57,839
-	-	-	-	2,096	33,196
-	-	-	-	92,705	92,705
39,873	62,910	1,879	-	(850,482)	2,764,098
1,692	10,717	(1,825)	94,299	371,721	150,794

20. COMMITMENTS AND CONTINGENT LIABILITIES

- a) Capital commitments of \$719,231 (2007 – \$608,414) are not reflected in the consolidated financial statements. This amount represents uncompleted portions of contracts, as at December 31, 2008, on major projects and estimated obligations under other various agreements. These capital commitments were included in the current year's capital budget of \$2,212,580 (2007 – \$1,692,727) and will be funded from reserves and debt in future years.
- b) Commitments related to operating leases of \$33,661 (2007 – \$49,018) for office premises and facilities are not reflected in the consolidated financial statements. Annual commitments will be funded from the operating fund in the respective future years and are as follows:

2009	\$ 7,556
2010	6,376
2011	5,257
2012	4,599
2013	779
Thereafter	9,094
	<u>\$ 33,661</u>

- c) In the ordinary course of business, various claims and lawsuits are brought against The City. It is the opinion of management that the settlement of these actions will not result in any material liabilities beyond any amounts already accrued. No provision has been made for pending expropriations of land beyond the payments already made to affected property owners. Any payment made by The City pursuant to expropriation settlement is charged to the year of settlement.
- d) Where estimated reclamation and closure costs are reasonably determinable, The City has recorded a total provision in the amount of \$3,420 (2007 – \$3,336) for environmental liabilities based on management's estimate of these costs. Such estimates are subject to adjustment based on changes in laws and regulations and as additional information becomes available.
- e) As at December 31, 2008, there were various assessment appeals pending with respect to properties. The outcome of those appeals may result in adjustments to property taxes receivable for the current and prior years. The City makes an annual provision against property taxes receivable for the impact of appeals including specific provision where the results of an appeal are reasonably determinable and general provision for those where the outcome is presently indeterminable.

- f) Alberta Revenue, Tax and Revenue Administration ("Alberta Revenue") is responsible for assessing the income tax returns filed under the payment in lieu of taxes ("PILOT") regulation to the *Electric Utilities Act*. In August 2004, Alberta Revenue notified ENMAX that it is questioning the value of certain assets established for the purpose of this regulation. At January 1, 2001, the balance of the future income tax asset associated with these assets was \$195 million, based on an estimated fair market value of \$855 million. In July and November 2006, ENMAX received Notices of Reassessment from Alberta Revenue relating to the 2002 and 2003 taxation years, in the amount of \$23.7 million, including \$5.0 million of interest, and \$58.0 million, including \$10.4 million of interest, respectively. These reassessments are in addition to the Notice of Reassessment received in June 2005 in respect of the 2001 taxation year, which amounted to \$16.9 million, including \$3.2 million of interest. Subsequently, in July 2007, ENMAX received an amended Notice of Reassessment for the 2003 taxation year for an additional \$1.8 million relating to items not previously assessed. The assessments relate primarily to the value of certain power purchase arrangement assets established for the purpose of the PILOT regulation and the allocation of costs and benefits of the energy supply portfolio between taxable and non-taxable operations for those years. ENMAX voluntarily remitted certain of these amounts to minimize interest and penalties until the issues are resolved, which are recorded as income taxes receivable as at December 31, 2008 and 2007. ENMAX does not agree with the assessments and has commenced the necessary steps to defend its position through the formal appeals process. ENMAX expects this process to be successful and will vigorously pursue all options available should the appeals process result in an unfavourable outcome. The amount of possible adjustment, which could have a material impact on net earnings, cannot be reasonably estimated at this time and no provision has been made in the consolidated financial statements for any additional income tax expense that may be payable relating to this assessment. In July 2008, ENMAX received a letter from the Appeals Board of Alberta Finance amending its previous Reassessment on the allocation of costs and benefits of the energy supply portfolio between taxable and non-taxable operations for the 2001 taxation year. In August and September 2008, ENMAX received refunds reflecting the above reassessment plus interest in the amount of \$5.2 million. In November 2008, ENMAX received a Notice of Reassessment from the Province of Alberta in respect of the 2002 taxation year, which indicated that Alberta Finance has also accepted ENMAX's representation of the allocation of costs and benefits of the power purchase arrangements between taxable and non-taxable operations. Since other issues were not resolved in this assessment, ENMAX received a refund of \$3.3 million including interest.
- g) The City has entered into a 20-year contract for power supply from ENMAX Energy from 2007 to 2026. Under the terms of the agreement, ENMAX Energy will provide 75% of The City's electricity from green energy sources. The annual price is a blended price of market energy purchases plus green energy projects developed for The City; and has been pre-determined for each year of the contract.

21. GUARANTEES

In the normal course of business, The City enters into various agreements that may contain features that meet the definition of a guarantee. A guarantee is defined to be a contract (including an indemnity) that contingently requires The City to make payments to the guaranteed party based on (a) changes in an underlying interest rate, foreign exchange rate, equity or commodity instrument, index or other variable that is related to an asset, liability or an equity security of the counterparty, (b) failure of another party to perform under an obligating agreement or, (c) failure of a third party to pay its indebtedness when due. Significant guarantees The City has provided to third parties include the following:

A) THIRD PARTY DEBT AGREEMENTS

- i) The City has guaranteed certain indebtedness of the Calgary Exhibition and Stampede Limited ("CES"). This third party debt agreement requires The City to make immediate payment of certain outstanding borrowings on behalf of CES in the event CES cannot fulfill its obligations to a Canadian chartered bank. The term of this guarantee is equal to the term of the related credit facilities, which mature in 2024. The interest rates on the credit facilities held by the CES range from 5.74% to 6.23%. As at December 31, 2008, CES has drawn a total of \$52,987 (2007 – \$54,275) on the total maximum available facility of \$140,000 (2007 – \$140,000). The City, as an unconditional guarantor, holds as security a fixed debenture in the amount of \$135,500 (2007 – \$60,000) charging the Ground Lease Lands, all improvements, and any additional lands purchased by the CES from the proceeds of the non-revolving credit facility as well as those purchased from the proceeds of the CES' related, revolving demand credit facility. No amount has been accrued in the consolidated financial statements of The City with respect to this agreement.

- ii) The City has provided a guarantee and postponement of claim (to a maximum of \$4,000) regarding certain indebtedness of the Calgary Zoo (the "Zoo"). This third party debt agreement requires The City to make immediate payment of outstanding borrowings on behalf of the Zoo in the event the Zoo cannot fulfill its obligations to a Canadian chartered bank as it relates to the non-revolving, fixed rate term facility. The term of this guarantee is 10 years and the interest rate on the debt held by the Zoo is 5.60% (2007 – 5.59%). As at December 31, 2008, the Zoo has outstanding \$1,686 (2007 – \$2,159) on the facility guaranteed by The City. As collateral to this guarantee, The City would terminate its 1986 Operating Agreement with the Zoo and take possession and control of all Zoo facilities, including any and all personal property owned by the Zoo at that time. No amount has been accrued in the consolidated financial statements of The City with respect to this agreement.

B) OTHER INDEMNIFICATION AGREEMENTS

In the normal course of business, The City may provide indemnification to counterparties that would require The City to compensate them for costs incurred as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a result of the transaction. The terms of these indemnification agreements will vary based upon the contract. The nature of the indemnification agreements prevents The City from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. Historically, The City has not made any payments under such indemnifications and any potential future claims would be covered by the Civic Insurance Program, which comprises a combination of purchased insurance and a self-funded component.

22. EXECUTIVE SALARIES AND BENEFITS

Disclosure of executive salaries and benefits, as required by provincial regulations, is as follows:

	2008 SALARIES	2008 BENEFITS	2008 TOTAL	2007 SALARIES	2007 BENEFITS	2007 TOTAL
Mayor ⁽³⁾	\$ 177	\$ 31	\$ 208	\$ 165	\$ 30	\$ 195
Aldermen ^{(1) (3)}	1,325	427	1,752	1,175	417	1,592
City Manager	337	37	374	302	35	337
Designated Officers ⁽²⁾	962	151	1,113	865	142	1,007

Notes:

1. Aldermen in 2008 each received a salary of \$95 (2007 – \$84) and benefits ranging between \$28 and \$31 (2007 – \$27 and \$30).
2. The City's five designated officers are the City Assessor, City Clerk, City Solicitor, City Treasurer and City Auditor. In 2008 the City Solicitor received \$2 (2007 – \$3) in vacation and holiday payouts which are not included in the salary and benefits reported above. Also during 2008, the City Assessor received \$53 (2007 – \$7) in vacation and holiday payouts, and \$12 retirement allowance which are also not included in the salary and benefits reported above.

3. Elected officials receive a transition allowance of two weeks pay for each year in office, up to a maximum of 26 years, when they leave office. These allowances may be taken over several years and are not included in the salary and benefits amounts reported above. Transition allowances paid to the former Ward 3 alderman who left office in 2007 is \$10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. FINANCIAL INSTRUMENTS

At December 31, 2008, The City had 6 (2007 – 6) Euro and 30 U.S. foreign exchange fixed contract arrangements in place with dates for exercising these contracts ranging from January 2009 to January 2012, for committed and anticipated 2009 foreign merchandise purchases totalling 338 Euros (2007 – 3,918 Euros) and \$10,596 U.S., 2010 135 Euros and \$19,416 U.S., 2011 \$36,800 U.S. and 2012 \$2,500 U.S. Under the terms of the contract arrangements, The City has fixed its exchange risk on foreign purchases for Canadian dollar trades against the U.S. dollar with Schedule One Canadian banks at rates ranging from 1.01 to 1.26 and against the Euro currency to 1.51 to 1.55 Canadian Dollars. The fair value of these contracts at December 31, 2008, is \$73,910 (2007 – \$4,325) Canadian Dollars. During the fiscal year ended December 31, 2008, the various arrangements for foreign merchandise purchases cost The City \$44 (2007 – \$5,035) more than if the arrangements had not been entered into.

24. FUNDS HELD IN TRUST

The City administers the following trusts on behalf of third parties. As related trust assets are not owned by The City, the trusts have been excluded from the consolidated financial statements. The following table provides a summary of the transactions within these trusts during the year:

	DECEMBER 31, 2007	RECEIPTS	INVESTMENT INCOME	DISBURSEMENTS	DECEMBER 31, 2008
Joint Use Reserve Fund	\$ 31,773	\$ 2,402	\$ 1,096	\$ (1,204)	\$ 34,067
Oversize roads	21,493	8,849	573	(4,220)	26,695
Oversize parks	12,197	3,826	310	(4,291)	12,042
Oversize utilities	7,160	3,645	160	(3,276)	7,689
Developers' cash bonds	6,478	1,114	(1)	(238)	7,353
Calgary Regional Partnership	452	2,247	29	(2,035)	693
Calgary Technologies Inc.	1,257	399	37	–	1,693
Acreage assessments	878	–	22	(15)	885
Other miscellaneous trusts	671	92	16	(109)	670
	\$ 82,359	\$ 22,574	\$ 2,242	\$ (15,388)	\$ 91,787

25. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the 2008 consolidated financial statement presentation.

26. SUBSEQUENT EVENT

Responsibility for the ambulance service will be taken over by the provincial health authority effective April 1, 2009.



FINANCIAL AND STATISTICAL STATEMENTS

(2004-2008) UNAUDITED

REVENUE BY SOURCE UNAUDITED

■ 2004 TO 2008 (IN THOUSANDS OF DOLLARS)

	2008 OPERATING	2008 CAPITAL	2008 TOTAL	2007 OPERATING	2007 CAPITAL	2007 TOTAL
Property taxes	\$ 1,343,143	\$	\$ 1,343,143	\$ 1,292,531	\$	\$ 1,292,531
Community Revitalization Levy	5,018		5,018	–		–
Business taxes	183,522		183,522	198,195		198,195
Municipal ENMAX capital surcharge	–		–	–		–
Revenue in lieu of taxes	230,284		230,284	207,787		207,787
Local improvement levies and special taxes	9,778		9,778	9,680		9,680
	1,771,745	–	1,771,745	1,708,193	–	1,708,193
Less: Provincial property taxes	(548,558)	–	(548,558)	(499,928)	–	(499,928)
Net taxes available for municipal purposes	1,223,187	–	1,223,187	1,208,265	–	1,208,265
Sales of goods and services						
Water and sewer	353,148		353,148	329,516		329,516
Public transit	134,905		134,905	122,675		122,675
Real estate	70,617		70,617	71,561		71,561
Recreation and culture	38,403		38,403	37,643		37,643
Parking	51,247		51,247	46,753		46,753
Social housing	40,084		40,084	34,464		34,464
Protective services	44,264		44,264	41,759		41,759
Waste disposal	35,739		35,739	31,073		31,073
Other	35,460		35,460	25,099		25,099
	803,867	–	803,867	740,543	–	740,543
Government transfers						
Federal						
Debenture interest rebates	961	–	961	988	–	988
Revenue and cost sharing agreements and grants	7,241	47,615	54,856	5,719	52,638	58,357
Provincial						
Debenture interest rebates	720	–	720	1,142	–	1,142
Grants, entitlements, revenue and cost sharing agreements	110,378	500,502	610,880	160,848	261,515	422,363
	119,300	548,117	667,417	168,697	314,153	482,850
Other revenue						
Dividends from ENMAX Corporation	50,000	–	50,000	50,000	–	50,000
Developer contributions	–	80,872	80,872	–	71,771	71,771
Donated assets	–	43,460	43,460	–	62,847	62,847
Investment income	57,873	–	57,873	56,474	–	56,474
Fines and penalties	56,156	–	56,156	53,571	–	53,571
Licences, permits and fees	77,700	–	77,700	74,238	–	74,238
Miscellaneous revenue	17,093	533	17,626	17,679	2,355	20,034
	258,822	124,865	383,687	251,962	136,973	388,935
Total revenue	\$ 2,405,176	\$ 672,982	\$ 3,078,158	\$ 2,369,467	\$ 451,126	\$ 2,820,593

2006 OPERATING		2006 CAPITAL		2006 TOTAL		2005 OPERATING		2005 CAPITAL		2005 TOTAL		2004 OPERATING		2004 CAPITAL		2004 TOTAL	
\$	1,167,904	\$		\$	1,167,904	\$	1,081,100	\$		\$	1,081,100	\$	1,016,650	\$		\$	1,016,650
	-				-		-				-		-				-
	160,992				160,992		154,349				154,349		152,446				152,446
	2,325				2,325		19,000				19,000		14,200				14,200
	177,555				177,555		167,434				167,434		153,098				153,098
	9,584				9,584		8,635				8,635		7,928				7,928
	1,518,360		-		1,518,360		1,430,518		-		1,430,518		1,344,322		-		1,344,322
	(479,104)		-		(479,104)		(469,470)		-		(469,470)		(456,873)		-		(456,873)
	1,039,256		-		1,039,256		961,048		-		961,048		887,449		-		887,449
	308,982				308,982		265,635				265,635		249,823				249,823
	117,524				117,524		98,479				98,479		92,415				92,415
	75,487				75,487		26,378				26,378		67,776				67,776
	35,845				35,845		32,807				32,807		31,542				31,542
	41,126				41,126		35,978				35,978		34,821				34,821
	34,656				34,656		28,814				28,814		29,545				29,545
	41,951				41,951		35,292				35,292		32,104				32,104
	27,275				27,275		23,835				23,835		21,644				21,644
	23,737				23,737		27,247				27,247		27,483				27,483
	706,583		-		706,583		574,465		-		574,465		587,153		-		587,153
	1,139		-		1,139		1,361		-		1,361		1,360		-		1,360
	5,797		54,015		59,812		4,614		5,982		10,596		3,333		8,930		12,263
	1,734		-		1,734		2,530		-		2,530		3,538		-		3,538
	89,658		218,635		308,293		83,808		179,158		262,966		53,982		104,178		158,160
	98,328		272,650		370,978		92,313		185,140		277,453		62,213		113,108		175,321
	50,000		-		50,000		50,000		-		50,000		50,414		-		50,414
	-		63,261		63,261		-		31,039		31,039		-		21,814		21,814
	-		45,446		45,446		-		40,214		40,214		-		42,010		42,010
	49,369		-		49,369		37,162		-		37,162		29,829		-		29,829
	53,339		-		53,339		51,273		-		51,273		48,698		-		48,698
	64,053		-		64,053		50,015		-		50,015		43,622		-		43,622
	14,100		2,542		16,642		13,521		8,167		21,688		15,039		209		15,248
	230,861		111,249		342,110		201,971		79,420		281,391		187,602		64,033		251,635
\$	2,075,028	\$	383,899	\$	2,458,927	\$	1,829,797	\$	264,560	\$	2,094,357	\$	1,724,417	\$	177,141	\$	1,901,558

EXPENDITURE BY FUNCTION UNAUDITED

■ 2004 TO 2008 (IN THOUSANDS OF DOLLARS)

	2008 OPERATING	2008 CAPITAL	2008 TOTAL	2007 OPERATING	2007 CAPITAL	2007 TOTAL
Protective Services						
Police	\$ 282,006	\$ 30,027	\$ 312,033	\$ 253,872	\$ 18,573	\$ 272,445
Fire	161,328	39,989	201,317	150,391	13,827	164,218
Emergency Medical Services	53,033	2,093	55,126	49,804	3,712	53,516
	496,367	72,109	568,476	454,067	36,112	490,179
Transportation						
Public transit	279,058	288,443	567,501	246,317	232,932	479,249
Roads, traffic and parking	181,479	200,304	381,783	154,275	180,049	334,324
	460,537	488,747	949,284	400,592	412,981	813,573
Environmental protection						
Water services & resources	148,638	389,363	538,001	139,490	372,164	511,654
Waste and recycling	58,256	22,984	81,240	53,180	7,331	60,511
	206,894	412,347	619,241	192,670	379,495	572,165
Social development						
Community and social development	50,676	–	50,676	47,713	–	47,713
Social housing	77,818	66,129	143,947	53,068	18,768	71,836
	128,494	66,129	194,623	100,781	18,768	119,549
Recreation and culture						
Parks and recreation facilities	137,994	81,674	219,668	127,347	71,053	198,400
Societies and related authorities	26,080	15,479	41,559	22,061	10,310	32,371
Calgary Public Library Board	39,487	2,217	41,704	36,872	1,237	38,109
	203,561	99,370	302,931	186,280	82,600	268,880
Other expenditure						
General government	178,471	23,757	202,228	143,337	21,037	164,374
Public works	127,023	95,683	222,706	119,467	32,171	151,638
Real estate services	37,652	32,395	70,047	49,050	8,789	57,839
Fleet services	–	60,264	60,264	–	33,196	33,196
	343,146	212,099	555,245	311,854	95,193	407,047
Interest and financing fees						
Tax supported	31,305	–	31,305	38,940	–	38,940
Self sufficient tax supported	1,069	–	1,069	–	–	–
Self supported	67,018	–	67,018	53,765	–	53,765
	99,392	–	99,392	92,705	–	92,705
Total expenditure	\$ 1,938,391	\$ 1,350,801	\$ 3,289,192	\$ 1,738,949	\$ 1,025,149	\$ 2,764,098

Notes: Depreciation is not included in operating expenditures.

2006 OPERATING			2006 CAPITAL			2006 TOTAL			2005 OPERATING			2005 CAPITAL			2005 TOTAL			2004 OPERATING			2004 CAPITAL			2004 TOTAL		
\$	240,503		\$	9,289		\$	249,792		\$	226,033		\$	15,196		\$	241,229		209,218		\$	10,707		\$	219,925		
	125,263			10,790			136,053			120,220			6,532			126,752		111,619			12,517			124,136		
	49,230			2,866			52,096			42,368			1,003			43,371		37,958			772			38,730		
	414,996			22,945			437,941			388,621			22,731			411,352		358,795			23,996			382,791		
	229,456			50,063			279,519			205,989			93,638			299,627		190,054			66,244			256,298		
	141,976			323,202			465,178			131,392			170,856			302,248		120,793			127,998			248,791		
	371,432			373,265			744,697			337,381			264,494			601,875		310,847			194,242			505,089		
	125,086			299,490			424,576			116,291			219,355			335,646		111,929			154,718			266,647		
	53,033			17,795			70,828			41,428			9,896			51,324		36,349			7,560			43,909		
	178,119			317,285			495,404			157,719			229,251			386,970		148,278			162,278			310,556		
	46,106			–			46,106			48,466			–			48,466		47,247			–			47,247		
	46,850			17,315			64,165			39,512			9,462			48,974		36,884			23,388			60,272		
	92,956			17,315			110,271			87,978			9,462			97,440		84,131			23,388			107,519		
	120,648			37,211			157,859			108,225			21,523			129,748		100,442			37,846			138,288		
	21,806			9,940			31,746			21,873			10,831			32,704		21,219			4,796			26,015		
	35,739			2,299			38,038			32,910			1,976			34,886		30,764			5,452			36,216		
	178,193			49,450			227,643			163,008			34,330			197,338		152,425			48,094			200,519		
	183,810			11,712			195,522			139,579			16,571			156,150		121,672			16,473			138,145		
	94,236			14,395			108,631			82,884			21,371			104,255		72,893			14,291			87,184		
	20,599			14,523			35,122			19,871			9,071			28,942		50,935			3,282			54,217		
	–			30,463			30,463			–			21,615			21,615		–			18,675			18,675		
	298,645			71,093			369,738			242,334			68,628			310,962		245,500			52,721			298,221		
	39,125			–			39,125			42,937			–			42,937		47,651			–			47,651		
	–			–			–			–			–			–		–			–			–		
	49,718			–			49,718			46,869			–			46,869		47,168			–			47,168		
	88,843			–			88,843			89,806			–			89,806		94,819			–			94,819		
\$	1,623,184		\$	851,353		\$	2,474,537		\$	1,466,847		\$	628,896		\$	2,095,743		\$	1,394,795		\$	504,719		\$	1,899,514	

OTHER FINANCIAL AND STATISTICAL SCHEDULES

EXPENDITURES BY OBJECT OPERATING FUND UNAUDITED

2004 to 2008 (in thousands of dollars)

	2008	2007	2006	2005	2004
Salaries, wages and benefits	\$ 1,202,562	\$ 1,080,709	\$ 989,228	\$ 920,444	\$ 854,015
Contracted and general services	213,096	196,392	177,309	168,626	177,999
Materials, equipment and supplies	278,007	220,715	198,428	153,517	141,698
Interest charges					
Tax supported	32,374	38,940	39,125	42,937	47,651
Self supported	67,018	53,765	49,718	46,869	47,168
Third-party social, cultural and recreation programs	85,985	94,677	120,372	83,761	76,296
Utilities	59,349	53,751	49,004	50,693	49,968
Total expenditures	\$ 1,938,391	\$ 1,738,949	\$ 1,623,184	\$ 1,466,847	\$ 1,394,795

CONSOLIDATED INVESTMENTS UNAUDITED

2004 to 2008 (in thousands of dollars)

	2008	2007	2006	2005	2004
Cost:					
Government of Canada bonds	\$ 67,590	\$ 120,758	\$ 152,545	\$ 172,248	\$ 135,455
Provincial bonds	339,767	67,786	62,806	49,489	58,189
Federally regulated banks	209,515	324,954	222,140	201,615	236,086
Other Canadian corporations	1,339,989	1,303,870	1,085,616	811,715	522,795
Equity investments	1,261	1,530	795	881	1,069
	\$ 1,958,122	\$ 1,818,898	\$ 1,523,902	\$ 1,235,948	\$ 953,594
Market Value:					
Government of Canada bonds	\$ 68,923	\$ 122,932	\$ 153,727	\$ 173,710	\$ 138,745
Provincial bonds	340,088	68,981	64,413	51,711	60,953
Federally regulated banks	209,384	322,007	222,217	201,816	237,017
Other Canadian corporations	1,339,534	1,303,696	1,085,475	813,240	526,461
Equity investments	1,261	1,485	996	963	1,061
	\$ 1,959,190	\$ 1,819,101	\$ 1,526,828	\$ 1,241,440	\$ 964,237

CONSOLIDATED RESERVES UNAUDITED

2004 to 2008 (in thousands of dollars)

	2008	2007	2006	2005	2004
Significant Reserves					
Fiscal stability	\$ 148,084	\$ 148,125	\$ 80,997	\$ 74,435	\$ 83,625
Reserve for future capital	215,767	176,038	119,603	91,995	84,632
Debt servicing	109,310	105,739	100,476	79,575	62,154
Corporate housing reserve	33,638	67,316	3,427	2,610	3,069
Legacy parks	53,117	53,112	52,206	43,331	27,773
Real estate services (combined operating and capital)	–	–	50,847	21,905	24,952
Regulated utility capital investment	–	–	–	33,200	14,200
Community investment	39,776	34,789	26,753	19,473	13,001
Development and building approvals (“DBA”) sustainment	39,725	38,999	32,079	20,187	12,897
Reserve for tax loss provision	27,000	27,000	–	–	–
Landfill revenue	3,132	4,069	7,171	8,688	11,205
Annexation	–	–	14,762	304	1,604
Lifecycle maintenance and upgrade	48,762	23,393	9,042	6,542	5,706
Calgary Housing Company	7,799	7,594	4,874	3,381	2,738
	<u>726,110</u>	<u>686,174</u>	<u>502,237</u>	<u>405,626</u>	<u>347,556</u>

Other reserve balances will be utilized in future years for the following types of expenditures:

Wastewater treatment and disposal and water supply	15,011	22,301	24,942	14,946	13,895
Social programs	7,922	7,551	7,521	7,936	8,393
Police services (capital)	9,261	9,793	9,199	5,836	9,380
Environmental control	19,091	15,048	7,615	3,716	3,039
Other operating	36,505	35,398	35,031	34,343	26,800
Other capital expenditures	47,821	39,878	27,633	25,168	21,065
	<u>135,611</u>	<u>129,969</u>	<u>111,941</u>	<u>91,945</u>	<u>82,572</u>
	<u>\$ 861,721</u>	<u>\$ 816,143</u>	<u>\$ 614,178</u>	<u>\$ 497,571</u>	<u>\$ 430,128</u>

TAXATION AND ASSESSMENTS UNAUDITED

■ 2004 TO 2008 (IN THOUSANDS OF DOLLARS UNLESS OTHERWISE STATED)

			2008	2007	2006	2005	2004
TAX RATES							
Residential							
Municipal and Library	Mills		2,415	2,884	3,999	3,968	3,996
Provincial property	Mills		2,189	2,577	3,684	4,062	4,164
Non-Residential							
Municipal and Library	Mills		8,093	9,923	13,627	14,374	15,209
Provincial property	Mills		3,216	3,822	5,400	6,254	7,377
ASSESSED VALUES							
Residential			\$ 172,262,927	\$ 134,254,973	\$ 89,565,165	\$ 79,530,430	\$ 72,956,671
Percentage of total (%)			77.7	78.2	77.8	78.3	78.9
Commercial, industrial and farm			\$ 49,431,089	\$ 37,444,216	\$ 25,578,379	\$ 22,057,439	\$ 19,506,736
Percentage of total (%)			22.3	21.8	22.2	21.7	21.1
Total assessment			\$ 221,694,016	\$ 171,699,189	\$ 115,143,544	\$ 101,587,869	\$ 92,463,407
TAX LEVIES							
Municipal property taxes							
Residential			\$ 412,317	\$ 379,721	\$ 352,225	\$ 309,297	\$ 290,514
Non-residential			390,471	420,988	345,035	310,864	279,193
Community Revitalization Levy			5,018	—	—	—	—
Business tax			183,522	198,195	160,992	154,349	152,446
Revenue in lieu of taxes			222,081	199,681	169,095	158,903	143,168
Municipal ENMAX capital surcharge			—	—	2,325	19,000	14,200
Local improvements and special levies			9,778	9,680	9,584	8,635	7,928
			\$ 1,223,187	\$ 1,208,265	\$ 1,039,256	\$ 961,048	\$ 887,449
Provincial property taxes							
Residential			\$ 377,174	\$ 343,838	\$ 327,633	\$ 320,535	\$ 303,010
Non-residential			163,181	147,984	143,011	140,404	143,933
Revenue in lieu of taxes			8,203	8,106	8,460	8,531	9,930
			548,558	499,928	479,104	469,470	456,873
Total taxes levied			\$ 1,771,745	\$ 1,708,193	\$ 1,518,360	\$ 1,430,518	\$ 1,344,322
Percentage of Total Levies							
Property tax							
Residential property			44.56%	42.36%	44.78%	44.0%	44.1%
Non-residential property			31.25%	33.31%	32.14%	31.6%	31.5%
Local improvement			0.55%	0.57%	0.63%	0.6%	0.6%
Community Revitalization Levy			0.28%	—	—	—	—
Business tax			10.36%	11.60%	10.60%	10.8%	11.3%
Revenue in lieu of taxes			13.00%	12.16%	11.69%	11.7%	11.4%
Municipal ENMAX surcharge			—	—	0.15%	1.3%	1.1%

TAXATION AND ASSESSMENTS UNAUDITED

■ 2004 TO 2008 (IN THOUSANDS OF DOLLARS UNLESS OTHERWISE STATED)

	2008	2007	2006	2005	2004
PROPERTY TAX – Continuity					
Taxes receivable, January 1	\$ 22,765	\$ 24,094	\$ 25,500	\$ 29,897	\$ 30,656
Current levies					
Property taxes	1,379,373	1,266,628	1,206,380	1,109,873	1,058,186
Business taxes	192,937	180,187	175,389	165,344	163,660
Non-tax items for collection	1,143	784	760	553	655
Penalties	6,586	5,733	4,999	5,594	5,320
Cancellation of tax arrears	(11,566)	(5,041)	(4,306)	(5,589)	(9,442)
Write-off of taxes	(617)	(374)	(1,080)	(624)	(664)
	1,590,621	1,472,011	1,407,642	1,305,048	1,248,371
Collections					
Current	(1,540,661)	(1,431,691)	(1,364,778)	(1,257,729)	(1,199,289)
Arrears	(13,328)	(17,555)	(18,770)	(21,819)	(19,185)
Subtotal	36,632	22,765	24,094	25,500	29,897
Allowance for doubtful accounts	(750)	(650)	(750)	(800)	(800)
Taxes receivable, December 31	\$ 35,882	\$ 22,115	\$ 23,344	\$ 24,700	\$ 29,097
Percentage of current taxes collected (%)	98.0%	99.0%	98.8%	98.6%	98.2%
Taxes outstanding as a percentage of the current year levy (%)	2.3%	1.5%	1.7%	1.9%	2.4%
Other Major Tax Levies:					
Revenue in lieu of taxes					
Municipal consent and access fee	\$ 125,903	\$ 113,565	\$ 85,999	\$ 72,436	\$ 68,950
Franchise fees	92,185	81,290	80,212	85,565	74,829
Governments					
Provincial	10,602	9,138	7,748	5,552	5,762
Federal	1,594	3,770	3,596	3,881	3,557
	\$ 230,284	\$ 207,763	\$ 177,555	\$ 167,434	\$ 153,098

CONTINUITY OF LONG-TERM DEBT UNAUDITED

■ 2004 TO 2008 (IN THOUSANDS OF DOLLARS UNLESS OTHERWISE STATED)

	2008	2007	2006	2005	2004
Opening Balance	\$ 1,696,323	\$ 1,429,244	\$ 1,322,301	\$ 1,263,728	\$ 1,262,613
New issues or additions during the year					
Tax supported					
Debentures	36,562	42,251	17,201	38,500	49,913
Mortgages and other debt	—	—	—	—	16,584
Capital leases	563	780	473	694	285
	37,125	43,031	17,674	39,194	66,782
Self-sufficient tax supported					
Debentures	40,000	—	—	—	—
	40,000	—	—	—	—
Self supported					
Debentures	339,029	375,087	219,036	176,557	65,819
Local improvement debentures	6,185	8,061	10,603	7,250	6,628
Mortgages and other debt	10,499	3,306	12,989	—	3,695
	355,713	386,454	242,628	183,807	76,142
Debt repaid during the year					
Tax supported					
Debentures	(59,197)	(58,108)	(62,818)	(63,400)	(60,811)
Local improvement debentures	—	—	—	—	—
Mortgages and other debt	—	—	—	(17,600)	(7,400)
Capital leases	(591)	(520)	(503)	(532)	(480)
	(59,788)	(58,628)	(63,321)	(81,532)	(68,691)
Self-sufficient tax supported					
Debentures	—	—	—	—	—
	—	—	—	—	—
Self supported					
Debentures	(97,210)	(91,294)	(81,735)	(72,148)	(65,939)
Local improvement debentures	(5,896)	(5,424)	(4,435)	(3,656)	(4,040)
Mortgages and other debt	(7,449)	(7,060)	(3,868)	(7,092)	(3,139)
	(110,555)	(103,778)	(90,038)	(82,896)	(73,118)
Increase (Decrease)					
Tax supported	(22,663)	(15,597)	(45,647)	(42,338)	(1,909)
Self-sufficient tax supported	40,000	—	—	—	—
Self supported	245,158	282,676	152,590	100,911	3,024
Net Increase during the year	262,495	267,079	106,943	58,573	1,115
Closing balance	\$ 1,958,818	\$ 1,696,323	\$ 1,429,244	\$ 1,322,301	\$ 1,263,728
Total debt paid as % of total expenditures (excludes ENMAX)	5.2	5.8	6.0	7.5	7.1
Percentage of legal debt limit as per Municipal Government Act [see note 12(f)]	41.9	37.1	35.4	37.2	37.8

CONTINUITY OF LONG-TERM DEBT UNAUDITED

■ 2004 TO 2008 (IN THOUSANDS OF DOLLARS UNLESS OTHERWISE STATED)

	2008	2007	2006	2005	2004
Tax Supported					
Calgary Public Library Board	\$ 660	\$ 1,507	\$ 2,358	\$ 3,119	\$ 3,800
Water Services and Resources	–	1,025	2,203	3,578	5,601
Facility Management	49,702	42,901	44,190	48,070	70,936
Fire	4,594	4,065	4,501	5,644	6,996
General Government	95	114	57	483	990
Parks and Recreation	77,561	76,772	72,244	81,533	95,855
Police	2,772	1,059	829	1,015	1,452
Public Housing	6,578	6,814	4,908	2,488	2,564
Real Estate Services	676	1,311	1,908	2,469	2,996
Roads	269,705	282,322	283,242	236,460	236,364
Societies and Related Authorities	17,154	18,266	19,858	25,284	8,205
Waste and Recycling Services	5,923	6,129	6,277	1,036	2,000
Transit	52,454	68,252	83,559	160,602	176,360
	487,874	510,537	526,134	571,781	614,119
Tax supported, % of total	24.9	36.8	36.8	43.2	48.6
Per capita, tax supported (\$)	468	531	531	598	658
Self Sufficient Tax Supported					
Calgary Municipal Land Corporation	40,000	–	–	–	–
	40,000	–	–	–	–
Self sufficient tax supported, % of total	2.0	–	–	–	–
Per capita, self sufficient tax supported	38	–	–	–	–
Self Supported					
Calgary Parking Authority	11,561	12,819	14,020	–	–
Calhome Properties Ltd.	49,286	53,785	61,049	61,071	64,468
Water Services and Resources	1,122,941	913,625	651,985	527,088	423,311
Facility Management	600	626	649	671	6,956
Fleet Services	118,725	94,532	67,224	65,222	61,648
General Government	574	746	908	1,062	1,208
Parks and Recreation	10,392	6,205	5,370	6,095	6,798
Police	123	469	954	1,635	2,287
Public Housing	16,439	17,105	15,057	14,714	15,672
Real Estate Services	4,695	5,320	10,885	16,188	17,008
Roads	57,360	56,689	53,365	47,121	43,636
Societies and Related Authorities	6,889	7,875	8,794	9,653	6,617
Waste and Recycling Services	8,429	3,560	3,725	–	–
Transportation Infrastructure	22,930	12,430	9,125	–	–
	1,430,944	1,185,786	903,110	750,520	649,609
Total City debt	1,958,818	1,696,323	1,429,244	1,322,301	1,263,728
ENMAX debt	438,586	406,968	339,700	219,472	252,275
Total debt attributable to The City	\$ 2,397,404	\$ 2,103,291	\$ 1,768,944	\$ 1,541,773	\$ 1,516,003
Self supported, % of total (excludes ENMAX)	73.1	69.9	63.2	56.8	51.4
Per capita, self supported (excludes ENMAX) (\$)	1,372	1,163	911	786	697

DEMOGRAPHIC AND OTHER INFORMATION UNAUDITED

2004 TO 2008

	2008	2007	2006	2005	2004
Population, per April civic census	1,042,892	1,019,942	991,759	956,078	933,495
Change due to natural increase	9,695	10,552	9,887	8,906	8,927
Change due to net migration	13,255	17,631	25,794	13,677	2,253
Dwelling Units, per April civic census					
Total number of units	432,997	420,311	408,543	395,779	383,701
Number of vacancies	9,199	5,825	6,809	14,214	16,261
Owner occupancy rate (%)	71.6	71.7	71.6	71.6	71.2
Housing Activity					
Annual applications for residential units					
Total residential	6,439	12,937	15,971	13,572	13,388
Change (%)	(50.2)	(19.0)	17.7	1.4	11.0
Single family	3,208	5,461	8,285	8,285	6,891
Change (%)	(41.2)	(3.1)	20.2	20.2	(6.2)
MLS average selling price (\$) ⁽¹⁾	401,125	425,900	359,000	251,074	222,801
New housing price inflation (%) ⁽²⁾	0.6	16.2	43.6	7.0	5.5
Building Permits, applied for					
Number of applications	14,920	18,450	20,757	19,446	16,723
Change (%)	(19.1)	(11.1)	6.7	16.3	1.9
Value, in thousands of dollars	4,142,000	5,615,995	4,767,624	3,602,151	2,635,329
Change (%)	(26.2)	17.8	32.4	36.7	7.8
Inflation, CPI annual increases ⁽²⁾					
Calgary	3.2%	5.0%	4.6%	2.0%	1.7%
Alberta	3.2%	4.9%	3.9%	2.2%	1.4%
Canada	2.4%	2.1%	2.0%	2.2%	1.8%
Unemployment Rate ⁽²⁾					
Calgary	3.3%	3.2%	3.4%	3.9%	5.2%
Alberta	3.5%	3.5%	3.5%	3.9%	4.7%
Canada	6.1%	6.0%	6.3%	6.8%	7.2%

External Sources

⁽¹⁾ Calgary Real Estate Board

⁽²⁾ Statistics Canada

DEMOGRAPHIC AND OTHER INFORMATION UNAUDITED

2004 TO 2008

	2008	2007	2006	2005	2004
Revenue sources – city general ⁽¹⁾	\$ 2,002,323	\$ 2,022,950	\$ 1,781,503	\$ 1,613,975	\$ 1,529,420
Taxes and revenue in lieu of taxes	63.0%	61.5%	60.2%	60.4%	60.1%
General	27.4%	26.2%	29.0%	28.8%	29.9%
Utilities and related authorities contributions	3.2%	3.1%	4.2%	3.7%	3.9%
Government transfers	4.0%	6.7%	3.8%	4.0%	3.3%
Dividends from ENMAX Corporation	2.5%	2.5%	2.8%	3.1%	2.8%
Interest charges – city general					
As a % of operating expenditures					
Before subsidy	5.2%	5.2%	3.3%	3.5%	4.3%
After subsidy	5.1%	5.2%	3.2%	3.3%	4.1%
Interest charges – consolidated					
Before subsidy (000s)	\$ 99,392	\$ 92,705	\$ 88,843	\$ 89,806	\$ 94,819
Share of operating expenditures (%)	5.1	5.3	5.3	5.9	6.6
After subsidy (000s)	\$ 97,722	\$ 90,576	\$ 85,970	\$ 85,915	\$ 89,921
Share of operating expenditures (%)	5.0	5.2	5.1	5.7	6.3
(net of subsidy)					
Debt service limit (principal + interest)					
Total debt service limit	\$ 840,639	\$ 827,997	\$ 724,812	\$ 638,860	\$ 601,866
Total debt service	\$ 292,070	\$ 271,854	\$ 261,122	\$ 263,081	\$ 256,351
Percentage used (%)	34.8	32.8	36.0	41.2	42.6
Debt limit ⁽²⁾					
Total debt limit (000s)	\$ 4,803,653	\$ 4,731,414	\$ 4,141,782	\$ 3,650,628	\$ 3,439,232
Total debt (000s)	\$ 2,014,015	\$ 1,753,390	\$ 1,467,912	\$ 1,359,265	\$ 1,298,980
Percentage used (%)	41.9	37.1	35.4	37.2	37.8
Municipal Full-time Equivalents (excluding ENMAX Corporation)					
Total Full-time Equivalents ⁽³⁾	14,440	13,798	12,668	12,227	11,733
Full-time Equivalents					
Per 1,000 population	13.8	13.5	12.8	12.8	12.6
Area, square kilometres	848	848	746	746	722
Km of roads (lane km)	14,317	14,126	13,639	13,400	13,116
Km of roads (centreline km)	4,745	4,655	4,491	4,407	4,308
Km of bus routes	4,893	4,741	4,530	4,571	4,533
Transit passenger trips, annual (000s)	95,314	90,200	89,800	81,952	80,605
Km of wastewater mains	4,429	4,039	3,989	3,933	3,859
Km of water mains	4,656	4,600	4,516	4,500	4,467
Km of storm drainage mains	3,677	3,612	3,586	3,472	3,388

Notes:

(1) Figures (000s) are before consolidating eliminations.

(2) Calculations as prescribed by The Province of Alberta, regulation 375/94 and does not include debt attributable to ENMAX Corporation.

(3) In 2008, the full-time equivalents for Calgary Public Library were included in the total number. Figures for 2007 have been restated. In 2005, Full-time Equivalents was increased by 202.9 as a result of including all positions funded through operations and cost-recovery activities relating to capital and third-party work. Previously, some specific third-party or private account work was not included in the operating budget and FTE count. Prior years have not been restated.

ECO AUDIT

This annual report was printed on Rolland Enviro100 Print, which contains 100% post-consumer fibre, is Environmental Choice, Processed Chlorine Free and FSC Recycled certified and manufactured in Québec by Cascades using biogas energy. The savings below are achieved when one ton of paper is used in place of virgin fibre.

- **17** trees preserved for the future
- **6.9** lbs of waterborne waste not created
- **1,081** lbs solid waste not generated
- **2,098** lbs net greenhouse gases prevented
- **10,196** gallons of water saved
- **2,478** cubic feet of natural gas not used



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